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85th Session 1997

Report II

Draft programme and budget 1998-99 and other financial questions

Second item on the agenda: Programme and budget proposals and other financial questions

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Preface

1. This report deals with the draft Programme and Budget for 1998-99 as examined by the Governing Body at its 268th Session (March 1997).

2. The full material relating to the draft 1998-99 Programme and Budget appears on pages 1 to 6. This material should be read in conjunction with the Director-General's original Programme and Budget proposals for 1998-99, as indicated in paragraph 2 on page 1.

3. The Governing Body's recommendations concerning the scales of assessment of contributions to the budget for the 1998-99 financial period, the assessment of contributions of new member States, the report of the Administrative Board of the ILO Staff Pensions Fund and the composition of the Administrative Tribunal of the ILO, together with the related draft Conference resolutions, are set out on pages 7, 8, 9 and 10 respectively.

Consideration of the Director-General's Programme and Budget proposals for 1998-99 by the Programme, Financial and Administrative Committee and the Governing Body

1. The Director-General's original Programme and Budget proposals for 1998-99 were submitted to the Governing Body at its 268th Session (March 1997) in document GB.268/PFA/6/1. That document is being reissued as a supplement to the present report and circulated to those recipients of the report to whom the proposals in question have not already been sent.

2. The Director-General's original proposals were considered in the first instance by the Programme, Financial and Administrative Committee of the Governing Body. The Committee's discussion of the proposals was recorded in its third report to the Governing Body, which is reproduced in Annex 1 to the present report.[1] The Governing Body accepted the recommendations of the Committee and decided to propose to the International Labour Conference a resolution related to the adoption of the programme and budget for the 66th financial period, ending 31 December 1999, and for the allocation of expenses among members in that period. The text of the proposed resolution is given below in paragraph 8.

3. It will be observed that the proposed resolution is incomplete as regards the final budget level. The Governing Body endorsed a provisional programme level of $557,795,050 estimated at the 1996-97 budget exchange rate of 1.16 Swiss francs to the US dollar, as detailed in table B — "Provisional programme level for 1998-99 by major programme" — set out on page 5 below. The final exchange rate and the corresponding US dollar level of the budget and Swiss franc assessments will be determined by the Conference, on the recommendation of the Finance Committee of Government Representatives, at its forthcoming session.

4. The Director-General's original proposed expenditure budget for 1998-99 (Parts I to III) by major programme is set out in table A on page 4 below.

5. The final programme and budget proposals recommended by the Governing Body are being placed before the Conference in the form of the Director-General's original proposals (which, as indicated in paragraph 1 above, are being circulated where necessary as a supplement to the present report) together with the provisional programme level for 1998-99 as endorsed by the Governing Body following its approval of adjustments proposed by the Director-General. Details of the Director-General's proposed adjustments are set out in

[1] See blue title page. This report for the Conference was prepared immediately after the 268th Session of the Governing Body so as to reach member States as early as possible in accordance with article 6 of the Financial Regulations. The discussion of the Programme, Financial and Administrative Committee's third report in the Governing Body will be reflected in the minutes of the 268th Session of the Governing Body, which were not available at the time of going to press.

Appendices IV and VII to the third report of the Programme, Financial and Administrative Committee (see Annex 1 to this report).

Comparison of the draft Programme and Budget for 1998-99 with the Programme and Budget for 1996-97

6. To permit identification of changes in programme levels — as distinct from changes due to cost increases, inflation and currency fluctuations — the original proposals for 1998-99 shown in table A (entitled "Director-General's original proposed expenditure budget for 1998-99 (Parts I to III) by major programme") are set out in two separate columns (the centre and right-hand columns of figures). The centre column shows the Director-General's original proposals costed in terms of constant 1996-97 dollars, i.e. on the basis of the cost levels and exchange rates used in preparing the 1996-97 Programme and Budget. The figures in the centre column can thus be compared directly with those in the left-hand column, headed "1996-97 budget", so that programme increases and decreases in real terms can be readily identified. The figures in the right-hand column represent the original 1998-99 budget proposals; they are costed on the basis of estimated 1998-99 cost levels and the 1996-97 budget exchange rate of 1.16 Swiss francs to 1 US dollar. Table A is found on page 4 below.

Recommendations of the Governing Body to the Conference at its 85th Session (1997)

7. The Governing Body recommended to the forthcoming session of the Conference that the final amount of the 1998-99 budget be based on the endorsed provisional programme level of US$557,795,050 estimated at the 1996-97 budget exchange rate of 1.16 Swiss francs to the US dollar, to be revalued at the rate of exchange set by the Conference. The provisional programme level for 1998-99 and summary of Parts I to III as endorsed by the Governing Body, together with a comparison of those Parts with the equivalent Parts of the 1996-97 Programme and Budget are set out in table C on page 6.

8. The Governing Body also recommends that the text of the related resolution to be adopted by the Conference should be as follows:

The General Conference of the International Labour Organization, in virtue of the Financial Regulations, adopts for the 66th financial period, ending 31 December 1999, the budget of expenditure for the International Labour Organization amounting to US$... and the budget of income amounting to US$..., which, at the budget rate of exchange of ... Swiss francs to the US dollar, amounts to ... Swiss francs.

Bearing in mind —

- ***that, in adopting the budgets of income and expenditure for the 65th financial period, the General Conference requested the Director-General to present proposals to the Programme, Financial and Administrative Committee for adjustments to the budget of expenditure;***
- ***that the Governing Body, at its 264th (November 1995) Session, accordingly agreed to make downward adjustments amounting to US$21,704,950;***

— *that, in consequence, if the budget of income is fully received, it is expected that there will be a budgetary surplus for the 65th financial period arising from the downward adjustments and amounting to US$21,704,950, which, at the budget rate of exchange for that financial period, would amount to 25,177,742 Swiss francs;*

the General Conference resolves —

— *that, in derogation from article 18 of the Financial Regulations, the said expected budgetary surplus of 25,177,742 Swiss francs shall be treated as budgetary income for 1998;*

— *that, in derogation from article 10.1 of the Financial Regulations, the remainder of the budget of income, denominated in Swiss francs, shall be financed from contributions from member States amounting to ... Swiss francs in 1998 and ... Swiss francs in 1999, allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives for those years; and*

— *that, should the said budgetary surplus be less than 25,177,742 Swiss francs, arrears of contributions received shall be used to finance the income budget for the 66th financial period, subject however to the resolution adopted by the General Conference at its 82nd Session (June 1995) concerning the utilization of arrears of contributions to cover budgetary deficits.*

Summary tables

Table A
Director-General's original proposed expenditure budget for 1998-99 (Parts I to III) by major programme
(in US dollars)

ITEM	TITLE	1996-97 BUDGET	1998-99 ESTIMATES (IN CONSTANT 1996-97 DOLLARS)	1998-99 ESTIMATES (RECOSTED)
	PART I. ORDINARY BUDGET			
10	INTERNATIONAL LABOUR CONFERENCE	15,815,671	13,056,486	13,426,086
20	GOVERNING BODY	2,766,718	2,846,718	2,905,468
30	MAJOR REGIONAL MEETINGS	3,253,264	860,000	870,910
40	GENERAL MANAGEMENT	9,488,450	9,488,450	9,397,219
50	INTERNATIONAL LABOUR STANDARDS AND HUMAN RIGHTS	23,808,796	23,215,612	23,426,858
60	EMPLOYMENT AND TRAINING	28,190,425	27,900,352	28,142,827
65	ENTERPRISE AND COOPERATIVE DEVELOPMENT	12,137,226	12,218,471	12,325,316
75	TURIN CENTRE	5,130,000	5,130,000	5,335,000
80	INDUSTRIAL RELATIONS AND LABOUR ADMINISTRATION	12,803,716	14,048,487	14,154,600
85	MULTINATIONAL ENTERPRISES AND SOCIAL POLICY	1,302,629	1,302,629	1,312,890
90	WORKING CONDITIONS AND ENVIRONMENT	20,384,037	19,541,985	19,707,790
100	SECTORAL ACTIVITIES	17,672,696	14,019,957	14,241,743
110	SOCIAL SECURITY	8,269,579	8,959,176	9,035,422
115	INTERNATIONAL SOCIAL SECURITY ASSOCIATION	724,600	-	-
120	STATISTICS	9,035,080	8,832,610	8,860,416
125	DEVELOPMENT POLICIES	7,936,235	7,820,346	7,895,317
130	INTERNATIONAL INSTITUTE FOR LABOUR STUDIES	6,021,750	5,921,750	6,060,000
140	EQUALITY FOR WOMEN	871,013	1 310,781	1,321,045
145	INTERDEPARTMENTAL ACTIVITIES	1,240,350	1,637,966	1,656,865
150	PERSONNEL	18,751,715	19,105,164	19,132,805
170	FINANCIAL SERVICES	15,406,385	14,943,914	14,827,236
175	INTERNAL ADMINISTRATION	46,608,340	43,334,095	43,967,940
180	PUBLICATIONS	9,238,340	7,269,336	7,336,590
185	INFORMATION TECHNOLOGY AND COMMUNICATIONS	15,552,272	15,217,362	15,375,540
190	LIBRARY AND DOCUMENTATION	9,571,250	9,466,560	9,568,622
200	PROGRAMMING AND MANAGEMENT	6,356,931	6,010,225	6,092,854
210	LEGAL SERVICES	3,224,768	3,224,768	3,221,444
220	RELATIONS, MEETINGS AND DOCUMENT SERVICES	67,433,413	61,114,016	61,166,730
225	EMPLOYERS' ACTIVITIES	5,805,717	5,758,652	5,898,420
230	WORKERS' ACTIVITIES	16,254,763	16,141,703	16,570,380
235	PUBLIC INFORMATION	6,243,077	6,196,077	6,301,839
240	INTERNATIONAL RELATIONS	4,417,068	4,417,068	4,475,680
245	ACTIVE PARTNERSHIP AND TECHNICAL COOPERATION	4,390,636	3,822,508	3,845,898
250	FIELD PROGRAMMES IN AFRICA	42,395,999	42,904,475	44,374,522
260	FIELD PROGRAMMES IN THE AMERICAS	37,403,162	37,806,625	39,744,616
265	FIELD PROGRAMMES IN ARAB STATES	8,498,506	8,678,506	8,893,896
270	FIELD PROGRAMMES IN ASIA AND THE PACIFIC	39,911,608	40,412,808	43,585,769
280	FIELD PROGRAMMES IN EUROPE AND CENTRAL ASIA	13,023,916	13,743,370	13,986,516
290	OTHER BUDGETARY PROVISIONS	25,959,010	23,915,153	24,520,516
	ADJUSTMENT FOR STAFF TURNOVER	(4,674,111)	(4,674,111)	(4,728,585)
	TOTAL OF PART I	**578,825,000**	**556,920,060**	**568,205,000**
	PART II. UNFORESEEN EXPENDITURE			
295	UNFORESEEN EXPENDITURE	875,000	875,000	875,000
	PART III. WORKING CAPITAL FUND			
296	WORKING CAPITAL FUND	-	-	-
	TOTAL (PARTS I-III)	**579,500,000**	**557,795,060**	**569,080,000**

Table B

Provisional programme level for 1998-99 by major programme as endorsed by the Governing Body

(in US dollars)

ITEM	TITLE	1996–97 Budget	1998–99 Estimates (in constant 1996–97 dollars)	1998–99 Estimates (Recosted)
	PART I. Ordinary Budget			
10	International Labour Conference	15,815,671	12,464,286	12,815,886
20	Governing Body	2,766,718	2,846,718	2,846,718
30	Major Regional Meetings	3,253,264	838,634	849,244
40	General Management	9,488,450	9,440,865	9,347,934
50	International Labour Standards and Human Rights	23,808,796	23,026,679	23,216,125
60	Employment & Training	28,190,425	27,428,483	27,650,418
65	Enterprise and Cooperative Development	12,137,226	11,942,642	12,046,087
75	Turin Centre	5,130,000	4,925,000	5,130,000
80	Industrial Relations and Labour Administration	12,803,716	13,577,466	13,669,923
85	Multinational Enterprises	1,302,629	1,295,842	1,305,953
90	Working Conditions and Environment	20,384,037	19,267,424	19,418,581
100	Sectoral Activities	17,672,696	13,907,354	14,001,140
110	Social Security	8,269,579	8,725,984	8,800,920
115	International Social Security Association	724,600	–	–
120	Statistics	9,035,080	8,728,281	8,748,377
125	Development Policies	7,936,235	7,580,483	7,653,454
130	International Institute for Labour Studies	6,021,750	5,783,500	5,918,250
140	Equality for Women	871,013	1,296,226	1,305,990
145	Interdepartmental Activities	1,240,350	1,460,451	1,477,050
160	Personnel	18,751,715	18,866,102	18,888,443
170	Financial Services	15,406,385	14,852,646	14,734,268
175	Internal Administration	46,608,340	42,284,864	42,880,204
180	Publications	9,238,340	7,035,523	7,097,327
185	Information Technology and Communications	15,552,272	14,821,367	14,965,945
190	Library and Documentation	9,571,250	9,148,921	9,229,863
200	Programming and Management	6,356,931	5,971,242	6,022,571
210	Legal Services	3,224,768	3,186,792	3,183,068
220	Relations, Meetings and Document Services	67,433,413	60,181,149	60,213,635
225	Employers' Activities	5,805,717	5,612,036	5,740,004
230	Workers' Activities	16,254,763	15,677,325	16,075,902
235	Public Information	6,243,077	5,948,388	6,045,175
240	International Relations	4,417,068	4,365,650	4,422,862
245	Active Partnership and Technical Cooperation	4,390,636	3,739,618	3,761,668
250	Field Programmes in Africa	42,395,999	42,175,667	43,599,714
260	Field Programmes in the Americas	37,403,162	37,273,798	39,180,289
265	Field Programmes in Arab States	8,498,506	8,508,122	8,714,812
270	Field Programmes in Asia & the Pacific	39,911,608	39,825,509	42,966,170
280	Field Programmes in Europe & Central Asia	13,023,916	13,593,478	13,829,324
290	Other Budgetary Provisions	25,959,010	23,307,218	23,895,341
	Adjustment for Staff Turnover	(4,674,111)	(4,674,111)	(4,728,585)
	Total of Part I	578,625,000	546,237,622	556,920,050
	PART II. Unforseen Expenditure			
295	Unforeseen Expenditure	875,000	875,000	875,000
	PART III. Working Capital Fund			
296	Working Capital Fund	–	–	–
	Total Parts (I–III)	579,500,000	547,112,622	557,795,050

Table C

Provisional programme level for 1998-99 and summary of Parts I to III, as endorsed by the Governing Body

			1998-99 Provisional level ($)
PART I	Ordinary budget		
	Initial proposals in constant dollars (at SFr 1.16 to $US1)		556 920 050
	Net programme adjustments		(10 682 428)
	Initial cost increases	11 284 950	
	Reduction in cost increase provision resulting from programme adjustments	(602 522)	
			10 682 428
NET PART I			556 920 050
PART II	Unforeseen expenditure		875 000
PART III	Working Capital Fund		-
1998-99	Provisional programme level		557 795 050

Comparison with the Programme and Budget for 1996-97

		1996-97 Budget ($)	1998-99 Provisional level ($)	Increase (Decrease) compared with 1996-97 ($)
PART I	Programmes of activity	578 625 000	546 237 622	(32 387 378)
	Cost increases		10 682 428	10 682 428
PART II	Unforeseen expenditure	875 000	875 000	-
PART III	Working Capital Fund	-	-	-
	Total budget (Parts I, II and III)	579 500 000	557 795 050	(21 704 950)

Other financial and administrative questions

Scales of assessment of contributions to the budget for the 1998-99 biennium

1. At its 268th Session (March 1997), the Governing Body decided, on the recommendation of the Government members of the Programme, Financial and Administrative Committee, [2] to propose to the Conference that the adoption of the scales of assessment for 1998 be deferred to the 85th Session of the International Labour Conference, and that the Government members meet by delegation of the Governing Body to prepare a draft scale of assessments for 1998 during the Conference and submit it directly to the Finance Committee of Government Representatives.

2. It will be for the Finance Committee of Government Representatives to consider the draft scale of assessments for the 1998-99 biennium and to make appropriate proposals to the Conference.

[2] Report of the Government members of the Committee on Allocations Matters (GB.268/7/4(Rev.1), reproduced as Annex 2 to this report.

Assessment of contributions of new member States

1. At its 268th Session (March 1997), the Governing Body decided, on the recommendation of the Government members of the Programme, Financial and Administrative Committee,[3] to propose to the Conference at its 85th Session (June 1997) that the contribution of Saint Kitts and Nevis to the ILO budget for the period of its membership in the Organization in 1996 and 1997 be based on an annual assessment rate of 0.01 per cent.

2. It will be for the Finance Committee of Government Representatives to consider the proposals put forward by the Governing Body concerning the contribution of Saint Kitts and Nevis for 1996 and 1997 and to make appropriate proposals to the Conference.

[3] GB.268/PFA/GMA/1, reproduced as Annex 3 to this report.

Report of the Administrative Board of the ILO Staff Pensions Fund

At its 268th Session (March 1997), the Governing Body, on the recommendation of its Programme, Financial and Administrative Committee,[4] decided to propose to the International Labour Conference that the ILO be made directly responsible for the management of the ILO Staff Pensions Fund and that the Conference adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

Recalling its resolution of 9 October 1946 by which it adopted revised Staff Pensions Regulations, under which, in particular, the Staff Pensions Fund became the property of the International Labour Organization to be administered for the purposes of the Regulations and managed by an Administrative Board,

Reaffirming the International Labour Organization's guarantee, in article 13 of the Regulations, of the payment of all annuities or capital sums due under those Regulations,

Considering that management by an Administrative Board is no longer justified having regard to the small number of beneficiaries and to the absence in recent years of any direct participation of the latter on the Board;

1. Decides —

(a) that the International Labour Office shall, under the supervision of its Governing Body, to which it shall annually report, henceforth have direct responsibility for the management of the Staff Pensions Fund and for the payment of benefits in accordance with the substantive provisions of the Regulations;

(b) that the pension adjustment system for the United Nations Joint Staff Pension Fund shall continue to be applied to benefits due under the Regulations and that any subsequent improvements in that system shall be reflected in the payment of those benefits.

2. Hereby abrogates, without prejudice to operative paragraph 1 above, all provisions of the Staff Pensions Regulations that are inconsistent with the present resolution or with any decision that may be adopted by the Governing Body pursuant to it.

[4] Report of the Administrative Board of the ILO Staff Pensions Fund (GB.268/PFA/11/2), reproduced as Annex 4 to this report.

Composition of the Administrative Tribunal of the International Labour Organization

At its 268th Session (March 1997), the Governing Body decided, on the recommendation of its Programme, Financial and Administrative Committee,[5] to propose to the International Labour Conference at its 85th Session (June 1997) that it approve changes in the composition of the Administrative Tribunal of the International Labour Organization and that it adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

Expressing its profound appreciation to Sir William Douglas and Mr. Edilbert Razafindralambo of the services which they have diligently and consistently rendered for 15 years to the international community;

Decides, in accordance with Article III of the Statute of the Administrative Tribunal of the International Labour Organization, to appoint as judges of the Administrative Tribunal for a term of three years with effect from 1 July 1997 and, for the sake of uniformity, until 31 July 2000:

— ***Mr. Seydou Ba (Senegal);***

— ***Mr. James K. Hugessen (Canada).***

[5] GB.268/PFA/12, reproduced as Annex 5 to this report.

Annex 1

— Third report of the Programme, Financial and Administrative Committee of the Governing Body at its 268th Session (March 1997) (GB.268/7/3)

— Addendum to the third report (GB.268/7/3(Add.1))

— Appendices I to X to the third report

INTERNATIONAL LABOUR OFFICE

GB.268/7/3
268th Session

Governing Body

Geneva, March 1997

SEVENTH ITEM ON THE AGENDA

Reports of the Programme, Financial and Administrative Committee

Third report *

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* This report should be read in conjuction with GB.268/7(Corr.) and GB.268/7/3(Add.1).

Third report

1. The Programme, Financial and Administrative Committee of the Governing Body met from 11 to 13 March and on 21 March 1997 under the chairmanship of Mr. Arrate Mac Niven, Chairman of the Governing Body, assisted by Mr. J.-J. Oechslin and Mr. W. Brett, respectively Employer Vice-Chairman and Worker Vice-Chairman of the Governing Body. Mr. Gray (Workers' spokesman) was the Reporter.

Programme and Budget proposals for 1998-99
(Sixth item on the agenda)

2. The Committee had before it the Director-General's Programme and Budget proposals for 1998-99.[1] The proposals comprised a preface by the Director-General; an introduction; summary tables giving the proposed expenditure by major programme in US dollars; regular budget expenditure estimates and an analysis of increases and decreases by major programme; the draft budget of expenditure and income; programme descriptions and estimates by major programme; and a number of information annexes.

3. The Committee's discussion was opened by the Director-General, who introduced his proposals. His statement is reproduced in Appendix I.

4. After a recess, the Committee began its discussion of the programme and budget proposals.

General discussion of the programme and budget proposals

5. Mr. Oechslin, speaking on behalf of the Employer members, stated that there were two possible approaches to this discussion of the budget. One consisted of focusing on the aspect of the amount of resources allocated under the budget, which obviously represented a burden for member States. This was the approach usually taken by Governments; the Employers were attentively awaiting their interventions on this subject, and asked them to take all the relevant factors into account, including the positive effect that a more favourable exchange rate would have on the problems relating to the Organization's budgetary resources. The Employers did not expect Governments to be generally enthusiastic about a substantial increase in the budget, but they considered that a distinction should be made between cutting back expenditure that did not affect the structure of programmes and resource reductions that could not but result in the restructuring of programmes. If the latter type of reduction were to be made, the Employers requested the Government representatives envisaging them to help identify activities with a lower priority, and they pointed out that this could only be done following a policy decision taken by the Governing Body as a whole. For their part, the Employers were not unaware of the importance of these financial and global problems, but they considered that their responsibilities had to do with ensuring that the activities proposed reflected the requests formulated by the

[1] GB.268/PFA/6/1.

members of the Governing Body during the preliminary discussions, and by their group in particular, and with the proposed means of solving existing problems.

6. As regards the general orientation of the programmes, the Employers congratulated the Director-General for his innovative presentation. They noted that the Director-General had very cleverly presented the proposed activities in a number of "boxes", but they considered that a close look should be taken at the content of these "boxes". In the case of the heading "Democracy", the Employers wondered whether the content really matched the label. Reference was made to fundamental workers' rights, labour relations and the development of employers' and workers' organizations. But the title "Democracy" should not evoke activities of a political nature that were not part of the ILO's mandate.

7. The Employers had noted that the document made numerous references to a philosophy of consensus perceived as a prerequisite for a given reform. They saw consensus as a desirable goal, but obviously conflict was part of social life and the problem facing everyone playing an active role in social life was that of conflict resolution. In the Employers' view, it would be regrettable if consensus were to become a means of blocking necessary decisions, and they recalled that the term "democracy" referred in normal usage to a system based not on consensus, but on majority rule.

8. The Employers attached the utmost importance to one of the components of the programme, namely the area of fundamental workers' rights in the context of the follow-up to the Copenhagen Summit and to the Singapore Conference. Since the means of strengthening the ILO's activities in the area of fundamental workers' rights would be discussed at the next meeting of the Committee on Legal Issues and International Labour Standards, the speaker would not take up this subject, but he wished to express the Employers' concern here. Under the heading "Fundamental workers' rights", the ILO had listed the principles laid down in seven core Conventions for which special means of action were envisaged. The Employers considered that the utmost care had to be taken when referring to fundamental workers' rights not to link them — as had been done on several occasions in the document — to Conventions which were certainly important, but which had not been included for the time being in this concept, for example those on migrant workers or indigenous peoples, which did not concern fundamental workers' rights as defined by the ILO. The Employers therefore requested the Director-General and his staff to pay the strictest attention to precision in the use of these terms.

9. The Employers wholeheartedly supported the orientations concerning the renewal of standard-setting activity, which they felt should truly be a major focus of the Organization's action and reflection during the coming biennium. They also wholly supported the orientations concerning the fight against child labour, which certainly came under the heading of protection of fundamental workers' rights, and the Employers' group was very strongly committed to this, irrespective of the area of ILO activity under which it might fall.

10. There was a heading dealing with assistance to employers' and workers' organizations. This was another area to which the Employers attached the utmost importance. The branches responsible for these activities in the Office should have the necessary resources, and the Employers noted that there was still a serious

imbalance between the resources available to the branches responsible for assisting the activities of workers' organizations and those supporting employers' organizations. The role of the latter was not confined to labour relations, as it had been in the distant past, or even to technical cooperation, as was increasingly the case, but was also a means of ensuring that employers' concerns were incorporated more and more in the activities of the Office.

11. As regards the promotion of employment and the fight against poverty through job creation, the Employers considered that this was a priority area. They noted that 63.49 per cent of extra-budgetary resources had been allocated to this programme. This showed that external contributions were made only in response to specific requests, and that member States were very interested in this type of programme.

12. During the preliminary consultation on the programme and budget proposals the Employers had assigned a central priority to employment-generating enterprises. They had stated that not only was this their main priority, but that their attitude to the budget would depend on the weight given to this priority. Having examined programmes 60 and 65 to see whether they reflected their request for a consistent and integrated programme on employment-generating enterprises, the Employers had mixed feelings. This dimension of the ILO's activity was not included among the four challenges mentioned by the Director-General for the coming biennium, but it could be considered to be implied in the reference to the Copenhagen Summit, and it was true that the programme and budget contained a large number of ambitious and interesting action programmes in this area, in particular the action programme on small and medium-sized enterprise development for employment. The Employers congratulated the Office on the creation of this action programme. They would consider ways in which they could help implement it, but were concerned at the fact that the department responsible for this programme and some others had not been allocated many new resources. It was also possible to seek external resources, but there was a great deal of competition and it was difficult to convince donors without putting up the initial capital. The Employers also wished to see this programme incorporated in other ILO activities which should take account of the needs of enterprises. This was not always the case, for example with regard to the social security programme, to which the speaker would refer in greater detail later on during the discussions.

13. The speaker now turned to the subject of the means of implementing these programmes. The main means at the Organization's disposal, without which nothing could be done, was obviously its staff. The Director-General often spoke of centres of excellence. Whether these were a goal or a reality, or a little of both, the Employers considered that the programme as a whole depended on the professional quality of men and women, and that the experience of outside specialists was an important input. The ILO should therefore increasingly come down from its ivory tower and attract qualified persons from the outside as far as was possible in a situation of budgetary constraints that heavily reduced the scope for recruiting new staff. This was yet another reason to be selective and to base recruitment entirely on quality. According to the Employers, the selection procedures in the Office did not facilitate these choices. In their view, it was

essential for the Office selection procedure to be more open so as to ensure that the sole consideration taken into account was the quality of staff.

14. As to the extent to which the programmes reflected realities, the Employers considered that the Office had an effective procedure for auditing expenditure. What was lacking was the means of checking on the effectiveness of its activities, not in terms of expenditure, but in terms of results, i.e. the outcome of programmes. Obviously, it was not easy to quantify the results of the ILO's activities as if the Organization were a production enterprise where a sales analysis could be carried out. But a way had to be found to assess the impact of ILO programmes on the real situation and on the ground. Such an analysis would be difficult to carry out because of the large number of programmes and the impossibility of evaluating the impact of each of them. But the Employers felt that a survey method could be found to assess the effect of a given programme, for example by evaluating the number of new enterprises created or the improvement in the level of workers' protection achieved by means of a health and safety activity.

15. In the Employers' view, an analysis of the impact of programmes could be carried out first of all through a more operational role of the Governing Body's Committee on Technical Cooperation, which should engage less in a general overview of the problems and focus more on a few topics, selected not on the basis of best results but rather of those that were less good, so as to give the Governing Body an almost physical familiarity with the outcome of a project's implementation. Moreover, such an analysis should draw on another method proposed under various programmes, namely country studies, which enabled the Office to zero in on a given situation. They had been mentioned in connection with fundamental rights and employment, and the Employers considered that this method had immense potential and in specific cases would make it possible to assess the effect of ratification of Conventions or of a cooperation programme.

16. Along the same lines, the Employers considered that the ILO should be increasingly close to its constituents. They found that the experience of the multidisciplinary teams had been satisfactory on the whole, albeit with mixed results, like any human enterprise. They were also satisfied with the experience as regards the role of employer advisers on these teams; it was good for these advisers to participate not only in their own programmes but in the joint management of programmes, but perhaps it took a little too much of their time and a balance should be found. Sectoral activities were also of great importance to the Employers, for they also kept the ILO in touch with reality. The Employers felt that meetings were not an end in themselves, and that the Organization should keep in touch with the reality of the branches of industry, since this was where industrial activity took place.

17. In conclusion, the speaker pointed out a newly tested means of putting the Organization in touch with the outside world, namely the creation of forums. There had been the Enterprise Forum, which had been widely discussed, and two types of forum were envisaged in the programme and budget proposals. The Employers considered that it was a good idea to venture outside the traditional framework of the Organization's activities and that the concept lent itself both to enterprise issues and to other areas.

18. Mr. Gray, on behalf of the Worker members, noted that the proposals before the PFAC had already been the subject of two preliminary consultations, and that the format and much of the content bore a considerable resemblance to the programme and budget adopted two years ago. While the Director-General had chosen to place his proposals in the context of ongoing reform, for the Worker members, the dominant impression was one of continuity. Little *restructuring was being proposed in Geneva and the most significant and positive* proposal made by the Director-General in November, concerning enterprise activities, had disappeared completely from the final document. There were important changes on the table in respect of field structures which the Workers could, by and large, approve but these too had been toned down compared with last November.

19. Nevertheless, the Director-General did speak of revolutionary innovation, if only in respect of information technology applications. For the Workers, the really revolutionary proposal was in fact the size of the budget, which while not unexpected was not welcome. The Workers had already supported the new procedural process which had led to the present debate, and most particularly the extra debate last November. While considerable consensus had already been achieved, the Worker members could not accept that this meant that everything had now been agreed upon, and that the current discussion was either purely decorative, or of only marginal importance. On the contrary, it could, and should make a difference, and this comment was made with vivid recollection of the painful experience of previous biennia. The Workers had major problems with some aspects of the proposals, but had concrete suggestions to address them which he expected would be considered seriously.

20. The Worker members had no argument with the three major objectives identified by the Director-General (democracy and fundamental workers' rights, promoting employment and fighting poverty, and protecting working people) which were in fact the same objectives as for the current biennium. Nor was there any disagreement on the three strategic orientations identified (considering the ILO as a centre of excellence, a focus for workers' rights and providing a service to constituents). These were points on which he believed a consensus already existed. There were, however, serious difficulties in respect of the disproportion between the activities proposed in pursuit of each of the major objectives, and this was compounded by the flagrant imbalance within the activities devoted to one of these objectives, employment and poverty. Figures provided by the Office illustrated this point. Of the resources that the ILO estimated were allocated to the three major objectives, 41 per cent had been allocated to the promotion of employment, with 32 per cent going to democracy and human rights, and just 27 per cent to protection of workers. These were telling figures, made even greater when the estimates of extra-budgetary allocations were taken into account. Programmes 65, 60 and 125 were, in that order, the three biggest recipients and alone accounted for 60 per cent of the predicted income. At this stage, the employment major objective ceased to be a distant first among equals and became overwhelmingly predominant. Of a total of approximately US$519 million, 4[illegible] per cent was devoted to the promotion of employment, more than double the amount allocated to either democracy and human rights or to the protection of workers.

The Worker members were aware that this situation was not altogether new. Two years ago, the Director-General had already said that he attributed *the highest priority* to employment, considering that this was *the common denominator* in the 75th anniversary Conference debate on the future of the Organization. The Workers had no intention of opposing the employment major objective, but it should not be pursued to the detriment or exclusion of the others, and there was good reason to fear that this was the direction upon which the ILO was set. Moreover, the members' views in this regard were closely linked to their strong concerns about the manner in which the employment objective had been addressed.

21. Referring to the need for a balanced approach on employment, Mr. Gray noted that the Workers had already accepted the value of a diversified approach to employment promotion. It should encompass action at both the international and the national policy level and the macro and micro levels, as well as including an ILO enterprise policy which was truly tripartite in character. The problem with the Director-General's proposals was that they drastically downgraded the international and macro policy aspects and concentrated unduly on other areas which were, of course, important but which needed to be dealt with within a balanced overall context. The proposals contained a large body of activities devoted to enterprises which made little effort to even acknowledge worker concerns or integrate a tripartite perspective. This was an area in which the ILO was going backwards rather fast. In his preface, the Director-General said that the ILO had redefined its strategy to take up at the international level the social issues attendant upon globalization and that in so doing, it had "made its voice heard, and so provided further proof of its relevance". To a great extent, the Worker members agreed with this assessment of past achievement. However, rather than building upon what had been achieved, the proposals in this area appeared to reflect a feeling that enough had been done, and that it was time for the ILO to pass on to other issues. Some of these appeared to be "safe" options, but they would hardly contribute to the ILO's visibility, standing and influence in international employment policy questions. The ILO should not abandon ground it had gained in this area, particularly in connection with the Copenhagen Summit process.

22. Two specific examples illustrated the problem. Two years ago, the Director-General described the objective of the new *World Employment Report* series as being "to lend the ILO a new authority in discussions of employment policy at international and national levels, and in particular in discussion with the Bretton Woods institutions and the new World Trade Organization". The Workers' group took the view that the first two editions had indeed met that purpose. By contrast it was simply not credible to pretend that the choice of "training" for the third edition could do so. Training was an important issue to which very extensive attention was given in the programme and budget proposals, but it was ill-suited as a theme for the report. He therefore proposed that an alternative subject be chosen; specific suggestions would be made in later discussions.

23. The Director-General would no doubt point to the inclusion of an action programme addressing globalization in programme 60 as evidence that his

proposals did address the concern of the Workers' group. But looked at carefully, it became clear that the action programme "Globalization, area-based enterprise development and employment" (paragraph 60.18) had in fact nothing to do with globalization, and everything to do with enterprise development. Not only was it in the wrong major programme but it was a reflection of the fact that there was little substance in the proposals on globalization and international employment policy, notwithstanding the form of their presentation. Consequently, the Worker members would push for a more concrete, proactive approach to relations with other international organizations, notably the Bretton Woods institutions than what was reflected in the Director-General's proposals. In this regard, due note should be taken of the signing in recent months of cooperation agreements between the WTO and the IMF and between the WTO and the World Bank. The ILO now had to assert its role or run the risk of marginalization. The Worker members could not accept that the proposals before it in respect of the ILO's approach to enterprises constituted an acceptable ILO policy on enterprises. The first difficulty was the most obvious one of relative size. When regular and extra-budgetary funding was added together, major programme 65, which was the core (but only the core) of activities on enterprises, was the biggest substantive technical programme, just ahead of major programme 60, and well ahead of all the rest. Spending on enterprise and cooperative development was 282 per cent of spending on standards. If the regional programmes were brought into the picture, the gap would probably be much wider. This imbalance could have no justification. Nor should it be forgotten that a wholly separate major programme, programme 85, dealt specifically with multinational enterprises and social policy. By contrast with the situation for major programme 65, resources here were less than substantial and the activities they allowed were wholly inadequate. The Worker members would challenge the Director-General (or anybody else) to explain why, in this period of accelerating globalization, the ILO would find it reasonable or logical to spend 50 times as much on enterprise and cooperative development than it did on multinationals and social policy.

24. Of the 16 action programmes proposed, three were under major programme 65, while two others, which were clearly enterprise-centred activities, were located, wrongly in the view of the Worker members, in other major programmes (programmes 60 and 90). Five enterprise action programmes out of 16 was unreasonable, particularly in view of the additional relevance of other action programmes to enterprises. The Workers' dissatisfaction in this area was all the stronger in view of the important and innovative proposals which the Director-General had made in his November consultative document. Then he had proposed the integration of MULTI into ENTERPRISE as a distinct branch with a new mandate, task and means of action and improved and expanded activities, which would have included the role of a think-tank on the social role of enterprises. These proposals were particularly welcomed by the Worker members as a way of injecting balance and tripartite perspective into the enterprise major programme and having it address the social and international implications of enterprise activities which it had previously failed to address. Why then had this initiative been abandoned? One clue was to be found in the illogical exiling of the action programme on social initiatives by enterprises to the working conditions and environment major programme where it self evidently did not belong. This

was evidence of an attitude which held that major programme 65 related to entrepreneurship, management and enterprise development, productivity and nothing else. Was there no place in it for social or international perspectives on enterprise behaviour? It was damaging to the ILO's credibility to take this approach which, for ideological reasons, placed overwhelming emphasis on one aspect of enterprises which should not in any case be the ILO's primary concern, while making a taboo of others. For all these reasons, the Worker members made a strong call for a restructuring of ENTERPRISE on the basis of the Director-General's announced intention last November.

25. Turning to the action programmes, there had as yet been no opportunity to evaluate the programmes under way this biennium, but from a conceptual viewpoint, they were to be welcomed. One of their advantages was that they gave the PFAC a real scope to influence the content of the programme and budget through the selection of a number of action programmes from an extensive menu of options. That process was what made last November's debate valuable. However, the Workers were not happy with the outcome of that process as they felt that their views and preferences had not been taken properly into account, or that the resultant list of 16 action programmes was acceptable. There were 12 proposed action programmes which they could agree to, and which they did not believe, on the basis of views expressed in November, were controversial. These were: labour market information systems; tripartite participation and social dialogue on training; social investments: job creation through innovative financial instruments; cooperative approaches to collective bargaining; the contribution of industrial relations to regional economic integration; organization and management of labour administration; social initiatives by enterprises; safety culture; action against extreme forms of child labour; an operational framework for pension reform; strategies to combat youth marginalization and unemployment; and improving the quality of women's employment. Assuming that the number of action programmes was to be 16, which was one more than the maximum indicated in November, that left four programmes to be defined.

26. In November 1995, the Worker members said that they could support "Globalization and enterprise development and employment", but only if it was reworked so that it actually addressed the question of globalization and enterprise location. Similar comments were made concerning the action programme "Productivity improvement, competitivity and quality jobs in least developed countries" where the Workers wanted to see a broader approach. In neither case had these suggestions been taken up. Indeed, in the second, changes had been in the opposite direction and the reference to least developed countries had gone altogether. For obvious reasons, the proposals on small and medium enterprise development for employment did not figure among the Worker members' priorities. Consequently, the Workers would again table the five alternative proposals that had been introduced in November and which, again, had not been taken up. These were the promotion of the fundamental human rights Conventions; international arrangements for worker representation in multinational enterprises; tripartite participation in structural adjustment programmes; new approaches to preventing mistreatment of and discrimination against migrant workers; and the social effects of liberalization of international trade.

27. Referring to the balance of operational programmes between headquarters and the field, the Worker members noted that the Director-General's proposals provided for a continuation of the flow of staff and financial resources from Geneva to the field. The chart after paragraph 90 of the introduction to the programme and budget proposals clearly showed that from 1990 to 1999, the percentage of ILO staff working from Geneva would have decreased from 70 to 59 per cent. A central element in this was the proposal to transfer 20 per cent of headquarters RBTC resources to regional programmes. This however raised a number of questions. The transfer of resources from Geneva to the field was unquestioningly assumed to be a good thing. But did the Director-General have an idea of the point at which it would come to an end? What was the ideal headquarters-field mix? This question should be approached not from a purely financial point of view, but also with a view to maximizing the effectiveness of the ILO as a whole. The Workers had always insisted that the ILO should not only be a centre of technical excellence, but also that its headquarters in Geneva needed to maintain a critical weight of expertise and resources. Without a fully operative brain in Geneva, the ILO's extremities in the regions could not behave intelligently or coherently.

28. A related concern was that headquarters should continue to exercise proper authority, guidance and control over what was done in the field. The idea of a service-providing, demand-driven organization did not absolve ILO management from ensuring that priorities, policies and orientations set down by the Organization's elected political organs were faithfully reflected by activities outside Geneva. The ILO had to remain a single united global organization, not a loose federation of 14 little ILOs (soon to become 16) spread out around the world. For this to be a reality required the MDTs to seek guidance from Geneva when it was needed, and for Geneva to be in a position to respond adequately. This interaction needed also to ensure that the link between technical cooperation and standards which was at the origins of active partnership was made a reality. These considerations reflected the importance which the Worker members attached to the evaluation of the policy of active partnership to be undertaken this year. While the evaluation itself fell beyond the scope of the current debate, its findings would certainly have to be acted upon in the 1998-99 biennium. But perhaps the most critical issue in respect of field activity touched directly upon fundamental considerations of political authority. Put simply, as resources shifted from Geneva to the field they tended to pass beyond the field of vision of the Governing Body. The regional programmes did give general indications of priorities which in a large part duplicated the ILO's global priorities. The Technical Cooperation Committee received annual reports on activities, and the Director-General presented his biennial activities report to the Conference. Nevertheless, the Workers were insistent that the Governing Body needed to have further means at its disposal to monitor the use of technical cooperation funds in the region in a manner which enabled it to discharge its political responsibilities adequately. This point was made with constructive intent, and the Workers would be happy to open dialogue with the Director-General on how these genuine concerns could be met. It was the Workers' understanding that the MERS system might be a useful tool in this regard, as in others.

29. The very limited extent of restructuring, at least in Geneva, meant that the resource movements shown in the Director-General's proposals gave a more than usually clear picture of substantive programme changes. In the context of a significantly reduced budget, the broad trends were that major savings, 12.3 per cent from reform of policy-making organs and 4.7 per cent from service and support activities had been used to reduce or eliminate cuts in substantive and operational activities in Geneva and the field. This was the right approach if global cuts could not be avoided, but the Organization had to take great care never to damage the work of its political decision-making process. The Workers acknowledged, also, the serious effort made to make savings in service and support activities where the sole imperative was to provide adequate services as cheaply as possible.

30. At individual major programme level, the 21 per cent reductions in the publication programme and in the sectoral activities programme were basically the consequence of decisions already taken, but they were not developments which the Workers easily accepted. In this regard, the Worker members underlined the great importance they continued to attach to sectoral activities as a critically important interface between the ILO and its constituents. Reduction in major programme 100 would make it all the more important that other programmes cooperate with it, integrating sectoral activities into their own work.

31. On the other hand, there were a number of areas of key importance where the Director-General proposed important resource increases. The most notable were for women where there was an increase of labour of 33 per cent and for industrial relations and for child labour where resources were more than doubled. These met with the full support of the Worker members.

32. The Director-General was to be commended for his ambition in promising "something of a revolution" in the field of information services. His proposals gave reason to believe that the ILO was doing well in riding the crest of the information technology revolution. The dividend should be seen not only in terms of improved internal office communications and efficiency, which was important, but also in a quantitative leap forward in services to constituents. That was evidently the intention, and the Workers would simply underline the importance of tailoring user-friendly information products to constituent needs and to helping ensure that constituents' capacity to absorb and use such services were enhanced. ACTRAV would certainly have a role to play in the latter endeavour.

33. Referring to the size of budget proposed by the Director-General, the Worker members noted that the budget implied a real cut of 3.75 per cent as compared to the one originally adopted for the current biennium, i.e. before the US$21.7 million cuts were made in November 1995. When allowance was made for inflation, the proposed budget amounted to approximately US$569 million, costed at the 1996-97 budget rate of exchange, some US$10.4 million less than the approved budget for the current biennium. The budgeted cost inflation factor, just 2.02 per cent, was historically low and had to be acknowledged as a major and hopefully not unrealistic effort made by the Director-General. However, the Swiss franc/US dollar exchange rate was now a long way away from the 1996-97 budgeted exchange rate of Sfr.1.16 to the US dollar. This effectively meant that the dollar denominated value of the budget went down as the dollar went up

against the franc. To give an idea, the Office calculated that at an exchange rate of Sfr.1.43 to US$1 the proposed budget would drop to some US$469.7 million, which represented a real dollar decrease of 14.3 per cent.

34. The Worker members would recall that the financial problems of the recent past were made critical by the then low value of the dollar. Many governments made that circumstance the central plank of their demands for the programme cuts which were agreed at the end of 1995. To be consistent, they should recognize that the radically changed situation today meant that their pressing financial concerns had been eased, and that the ILO should revert to a zero real growth programme and budget as compared with the one originally approved for 1996-97. The graph in Annex 10 which showed a real programme decline of 13.2 per cent from 1978 to 1999 if the Director-General's current proposals were accepted in their entirety, had to be set against the growing demands of an organization whose membership had increased from 148 to 174 in the last six years. The Worker members had no shortage of suggestions as to how the restored resources could be spent.

35. The representative of the Government of Canada, speaking on behalf of the industrialized market economy countries (IMEC) expressed her appreciation for the presentation and introductory comments made by the Director-General. The additional information had greatly assisted in a more thorough understanding of the programme and budget proposals and she encouraged the Director-General to continue to present information in this user-friendly manner. She also supported the strategic orientation and priorities identified by the Director-General and noted the new challenges and changes that would face the ILO in the coming biennium.

36. It was useful, however, in this context to clearly establish IMEC's understanding of the role of the programme and budget. For the Director-General and the Office, the document allowed for responsible financial and programme management with flexibility to meet new and emerging demands and demonstrated value for money and efficient programme delivery. The current document clearly satisfied this requirement. The Governing Body, however, needed a document that elaborated clearly the strategic thinking behind the proposed programme and budget. Such a document needed to show how broad policy directions and strategic objectives were translated into operational activities, and how the programme activities were presented so that results could be subsequently evaluated. On a broader level, a programme budget was a political and public relations document which showed constituents that the ILO was dealing with the right priorities and had allocated sufficient resources to them. The programme and budget in its current form did not entirely meet these needs. For example, the current international interest in child labour had deservedly riveted attention on the ILO. Yet in the budget document, it was extremely difficult to determine the specific level of resources allocated to this important issue or to ascertain readily if additional resources had been assigned to this programme. The complementary information provided yesterday by the Director-General on this topic was precisely the sort of information that was required and she encouraged the Director-General to apply this approach to other important programmes in the ILO's mandate.

37. Referring to the Director-General's presentation, she noted that in the coming biennia, the ILO faced a number of new and historic challenges. Yet the current programme and budget proposals were based on a continuation of the existing programme parameters and seemed to offer little real flexibility for activity adjustments should these be required. The Conference was due to discuss later in the year a number of key policy issues which could significantly affect the way in which the ILO operated. She noted forthcoming discussions on normative activities, the functioning of the Governing Body, the interim evaluation report of the 1996-97 programme and budget and the evaluation of the active partnership policy. It was therefore necessary to ensure that sufficient flexibility be built initially into programme proposals to allow for policy or programme adjustments if required before implementation of these programmes in the 1998-99 biennium.

38. Turning to the text of the current document, seven points should be noted: first, the document could be considerably shortened. A clear, concise overview of the context of the proposals in the introductory section should allow major programme descriptions to go directly to their objectives in order to save text in the overall document; second, there was unevenness in the statement of objectives, outputs and descriptions of specific activities. Some were crisp and informative, but others were repetitive; third, it was often difficult to distinguish between activities that had been continued from the previous biennium and new proposals. It was also unclear what evaluations had been carried out on activities, both in terms of their continuing relevance to the strategic orientations stated in the beginning of the document and to the efficiency of their delivery; fourth, it was difficult to distinguish between essential core activities, required to meet constitutional, legal and regulatory obligations, and discretionary spending items; fifth, the document gave no coherent overview of cross-cutting activities, especially related to research and technical cooperation. She reiterated IMEC's request of last November for a document setting out the ILO's research and dissemination strategy; sixth, the Office's management structure and costs were not clear from the document. In particular, there was considerable variation between the major programme descriptions of departmental management; and finally, there was scope for greater transparency in Information Annex No. 4A, Breakdown by appropriation line and by object of expenditure. For example, did item 2, Travel on official business, include transport cost and per diems? Did contractual services include any personnel contracts? Were staff costs limited to salaries only? She emphasized, however, that IMEC countries fully supported the objectives outlined in major programme 200, namely to increase the efficiency and effectiveness of ILO services and she encouraged the Office to set a target for managers to attain efficiency savings. Such savings could be reallocated to provide maximum resources for other programme activities. Travel, contractual services and production and dissemination of documents were all areas where there may be scope for efficiency savings through policy guidance, streamlining and new technologies.

39. For all of these reasons IMEC countries did not feel they had sufficient understanding of the current programme and budget proposals. She requested that, during the detailed review on major programmes, it would be helpful if the following information could be provided by the Office: for general management

and meetings (programmes 10, 20, 30, 40 and 100), she requested an estimate of full costs derived from attributed costs from other major programmes, such as major programmes 180 and 220. In addition, the overall cost of management should be included in programme 40. For those programmes outlined in section B (50-145, 225, 230, as well as programme 100), it would be helpful to know how the objectives of the programmes related to the three strategic orientations and proposals identified by the Director-General. It would be useful as well to have an estimate of the financial and staff resources that would be allocated to these priorities; how the level of resources allocated to these priority objectives had changed from the 1994-95 biennium to the current biennium and what would be the change for the next biennium; what were the core fixed costs in the programme and budget proposals (i.e. those costs relating to activities that were required from a legal or regulatory perspective) including an estimate of the financial and staff resources devoted to these activities; what activities had been terminated and what new activities had been planned for completion during the 1998-99 biennium. It would also be useful to have information on management structure and costs; and how the proposed research activities related to the three priority objectives; how had the proposals been identified, screened and quality checked in terms of subject and author and were they related to any other ongoing research activities or had they been identified in cooperation with other agencies? For the regional and active partnership programmes, programmes 245 to 280, she requested two additional points for information: firstly, how did the activities in these programmes relate to the three priority objectives identified by the Director-General, and secondly what was the real transfer of resources from these programmes to developing countries, in particular the poorest countries?

40. To ensure that the Conference discussions benefited from such additional information, this analysis should be contained in a strategic management document to be prepared for the Conference to be held in June this year. The document should aggregate information derived from the detailed discussions on major programmes. It should be concise, with much of the information presented in chart form, along the lines of the Director-General's programme and budget presentation. She stressed that this document was a one-time request to complement the 1998-99 programme and budget. In future biennia, a fuller and more extensive analysis in the form of a strategic programme and budget overview would be an integral, introductory part of the programme and budget proposals presented in March.

41. She proposed that the conclusions on the discussions of this programme and budget be reflected in an agreed Governing Body statement, and IMEC countries would consult with other groups in the Governing Body on the proposed text.

42. The representative of the Government of Austria praised the Office for the excellent work done in preparing the Programme and Budget proposals for 1998-99. The proposals were well balanced and comments made at earlier meetings had by and large been incorporated into the current document. The slight reduction in the level of the budget, while good for national finances was unfortunate when so many unresolved global problems required the expertise of the ILO.

43. He welcomed the measures taken in respect of management methods and Office rationalization aimed at generating additional savings but hoped that these measures would not lead to a reduction in personnel numbers in the Organization. Private industry rationalization methods were not always appropriate in an international environment. Additionally, these globalization and rationalization changes often had negative consequences for workers' rights and it was important for the ILO to remain vigilant and prepared for these changes and to offer technical solutions to constituents who required them. In all cases, it was imperative that basic human rights be preserved in the face of such changes.

44. Referring to the next United Nations Summit on Social Development due to be held in 1999, it was perhaps premature to be planning already to discuss the progress made on social issues, especially when restrictive austerity measures were currently imposed in many countries. The effectiveness of such a forum would depend on the composition of the meeting which clearly should include as many technically competent experts as possible and fewer Government representatives and general speakers making rhetorical statements. In conclusion, he expressed full support for the content of the individual programmes contained in the programme and budget proposals.

45. The representative of the Government of Sweden fully supported the statement made by the delegate of Canada on behalf of the IMEC countries. He noted that his delegation utilized four essential criteria for assessing budget proposals. Firstly, the budget proposal should indicate the overall long-term objectives of the Organization. Secondly, the budget document should indicate clearly the programme and subprogramme objectives and show how these objectives helped achieve the overall long-term objectives of the Organization. Third, and perhaps most importantly, the objectives established at the programme level should be clearly defined to allow constituents to more easily evaluate and monitor them. Fourthly, results achieved in previous periods should be made available in order to allow constituents to evaluate past experience with the current proposals. This could be done in the budget document itself or in a separate document provided there were transparent references between documents.

46. His delegation was satisfied that the budget document systematically made reference to objectives on major programmes as well as at programme and subprogramme level. There were also references to overall long-term objectives, however, these were often not specified to an extent which would allow a full assessment of the degree to which they had been met. On major programme level, the description of objectives was often simply a broader observance of certain principles or standards. Such descriptions may be acceptable as indications of the general direction of ILO's activities, but they were not acceptable as a statement of intended achievement during a specific budget period. On programme and subprogramme level the descriptions were somewhat more precise but still without time-limits or quantifications that would make it possible to assess to what extent the objectives had been met.

47. Successful strategic budgeting presupposed the existence of adequate internal management and reporting methods and systems and, while the Director-General and his staff were responsible for the management of the Organization, the Governing Body was responsible for overall planning and evaluation of the

proposals. The prerequisite for such a system stipulated internal monitoring and evaluation procedures established by the Organization which were efficient and operable. At the same time, the system of reporting back to the Governing Body or member States had to be clearly defined and acceptable by them. If this was the case, then the demand for detail in the budget document could be lessened. He therefore welcomed the proposal to introduce a monitoring, evaluation and reporting system and a new budgetary and accounting system and added that any additional information on these new systems and the plans for their implementation would be appreciated.

48. In addition to establishing objectives, an important aspect of any budget proposal should be to set or indicate priorities. By clearly identifying priorities, the Organization improved the conditions for orderly cuts in expenditure and minimized their detrimental effects when such cuts were made necessary through a shortfall of income compared with the budget. In the present proposals, such clear identification of priorities was largely missing. The budget proposed by the Director-General contained an impressive and excellent description of on going activities and plans for the next biennium and he congratulated the Director-General and the Office for this. As a strategic tool and as an instrument for decision-making by the Governing Body however, the document left a lot to be desired. It would be very difficult to comment on these issues in detail without going into a micro-management discussion and he wished not to do this. In general terms he endorsed the overall budget level expressed in constant dollars contained in the Director-General's 1998-99 programme and budget proposals. An analysis of what was achieved with the money spent was a more important consideration than how much was spent in total and in that respect he reiterated his full confidence and trust in the competence of the Director-General and his staff. However, the level of regular budget expenditure had to be considered in the light of payments of assessed contributions in the current and the forthcoming budget periods. Should member States not pay their assessed contributions on time or in full, there may be a need to cover the deficit at least temporarily through the Working Capital Fund or through internal borrowing. There was also the possibility that certain programme activities would also need to be cut or scaled back. Since the possibility of cuts of budgeted expenditures could not be excluded, either during the current biennium or during the next, the principle of establishing clear priorities already in the budgeting phase was even more crucial in order to facilitate, however regrettable, any reduction in programme activities.

49. The representative of the Government of Malaysia congratulated the ILO for its commendable effort in preparing the budget proposals for 1998-99. His Government was pleased with the budget's substance and focus, and thought that its numerous innovative ideas would help the ILO achieve its objectives. It was heartening to note that the ILO intended to intensify its active partnership policy, which was most beneficial to member States: it took account of national objectives and aspirations, especially in the formulation and application of labour standards; it had promoted closer interaction between the ILO and its constituents; and it had strengthened tripartite consultation and cooperation at the national level.

50. In the field of industrial relations, the ILO's proposal to focus on cooperative rather than distributive bargaining was commendable. This would

strengthen social dialogue amongst tripartite constituents and promote greater economic efficiency and social justice. Training was also crucial to reducing unemployment and improving productivity. The ILO's proposal to examine new ways of financing training would be beneficial to member States, while promoting private sector participation in training would help to meet the needs of developing economies. In this regard Malaysia had successfully integrated private sector participation in training and human resource development through the establishment of a Human Resource Development Fund.

51. The role of women in economic development had become increasingly important and the ILO's plan to embark upon a technical cooperation programme to promote better and more jobs for women and encourage greater equality of opportunity and treatment between men and women was highly commendable. The programme would help member States create productive employment for women, eradicate the poverty of disadvantaged women, and improve women's working conditions and their social protection.

52. Extreme forms of child labour was a problem that needed to be addressed effectively. That the ILO recognized this problem was evident in the increase in the amount of resources allocated to deal with it. The ILO's increased assistance to member States was welcome, as the problem of child labour could only be resolved through a continuous and consistent effort. The International Programme for the Elimination of Child Labour (IPEC) now covered more than 20 countries and there was every reason to be optimistic that it would make gradual headway in eliminating exploitative child labour through the strengthening of national capacities and the promotion of a worldwide movement against harmful child labour.

53. Finally, the ILO was to be congratulated on its efforts and reformative ideas for the promotion of social justice and universal improvement in workers' quality of life. His Government was convinced that the reforms proposed by the Director-General would make ILO activities more relevant and effective and ensure that it was a centre of excellence and reference on labour matters.

54. The representative of the Government of Mexico, speaking on behalf of the Americas group, thanked the Director-General for the presentation of his budget proposals for 1998-99 and the additional information he had presented in his summary. While progress had been made in the presentation of budgetary information along the lines requested by the Governing Body in March 1996 and outlined in Governing Body document GB.265/PFA/8/1, more changes were required. As a supplement to the traditional budget document, the Americas group wished to have a short, strategic document which would be structured according to the implementation of the ILO's objectives for the biennium. It should be approximately one-tenth of the size of the current programme and budget document, it should include a larger number of tables and graphs so that delegations could have clear, accessible information on the breakdown of expenditure by region, and on how much is spent in order to achieve strategic objectives, it should provide more detailed information on how much is spent on staff and administrative services and on technical cooperation projects, and it should clearly differentiate between the costs of the end product and the related costs required to obtain that product. The current programme and budget

proposals did not give a sufficiently clear picture of the trends in the allocation of resources for programmes, nor a sufficiently clear explanation of why resources for particular programmes were increased or reduced. For example, in the regular budget for technical cooperation, as set out in Annex 7 of the programme and budget proposals, more than 75 per cent of the resources allocated to the Americas region was for the multidisciplinary teams, while 16 per cent was allocated to field projects. However, there was no clear information on how it was intended to spend these appropriations, nor was there an evaluation of their activities. Furthermore, there should be a breakdown of expenditure related to the reduction of resources for offices in comparison to the previous biennium, as it would be useful to know why the Americas region had the smallest increase of all the regions.

55. The Americas group was convinced that a strategic budget would help remove doubts about budget allocations. Moreover, it would have certain advantages: the Governing Body would be able to check that the majority of the budget was spent according to assigned priorities; it would help the Office to explain the flow of funds by illustrating the links between programmes and actual expenditure thereon; it could be used to evaluate results as a function of actual expenditure; it would facilitate the review of the provisions of programmes and their budgets; and it would provide a clear and detailed picture of the resources earmarked for MDT projects.

56. The Americas group would like to have a first draft of such a strategic budget as early as possible before the 85th Session of the International Labour Conference and a more complete version for the 270th Session of the Governing Body in November. As from 1999 a strategic budget should always accompany the programme and budget proposals.

57. The representative of the Government of Germany expressed his satisfaction with the current structure, and especially the annexes, of the programme and budget proposals, although he did support the statement made by the representative of the IMEC group that parts of it could be shortened without any loss of content. The Committee's familiarity with the present structure of the proposals made it easy to make comparisons with earlier budgets and ensure that ideas expressed in earlier sessions of the Committee had been taken into account. He also thanked the Director-General for his instructive presentation of the budget. These additional clarifications answered certain questions which had been asked by the representative of the IMEC group, and his Government asked that the Office, within the limits of what was feasible, provide the Committee with any information that would make it possible for it to establish what the ILO really considered to be priority areas, such as the promotion of women and child labour; this was not simply a question of looking at the figures and the major programmes, because many activities were spread over a number of different major programmes. This information would make it much easier to decide what could or could not be agreed to in the programme and budget proposals.

58. While it was true that the present programme and budget proposals did not contain any revolutionary reorganization, there were nevertheless some noteworthy emphases in the way the proposals were expressed. There was a tangible reduction in the cost of meetings as set out in major programmes 10, 20

and 30, which reflected decisions taken by the Governing Body and the Conference. The greatest increase was in major programme 140 on equality for women and in programmes to combat child labour. The Director-General's presentation had made this much clearer than had been apparent in the programme and budget proposals.

59. His Government appreciated that the budget was based on nominal zero growth. There were always difficulties when spending public money; and although in this case it was spent internationally, it still came from national budgets. However, the budget did include compensation for inflation. Other international organizations seemed to get by without this provision and the ILO should do likewise. It was possible, therefore, that at the end of the debate, there would be a shortfall of about $11 million. Where could it come from? Half of the appropriations for travel costs amounted to $11 million and although, according to Annex 4B, the proportion of the budget for travel costs had fallen from 4.2 per cent to 3.9 per cent, ILO officials (and this was the case for other organizations too) travelled too much.

60. It would be worthwhile to know why travel costs for major programme 10 (International Labour Conference) had increased by 319 per cent and the reason for the very considerable increases for major programmes 180 (Publications) and 235 (Public information). Travel costs had also increased for some of the technical programmes and one wondered if this was necessary. What was the organizational procedure for approving travel? In his Ministry approval for travel outside the European Union was given by a service head different to his own, and for overseas travel it was the Secretary of State. Here it would seem that approval was given at a very low administrative level and that management did not know who was travelling where. While travel was obviously required, savings could be made if it was better organized.

61. The representative of the Government of the Russian Federation expressed his Government's satisfaction with the Programme and Budget proposals for 1998-99 and with the efforts made by the Office in implementing the current budget, which had been amended since its adoption in 1995. However, he thought that with regard to the level of the budget for 1998-99 clarification was needed as to what basis the budget started from. The current amended budget for 1996-97 was $557.8 million and the ceiling for the 1998-99 budget, at an exchange rate of 1.16 Swiss francs per dollar, should not exceed that level. All other amendments which were essentially related to inflation should be absorbed within that framework. The Office should be able to find a solution to a problem that was not really so difficult. Given that the bulk of the resources spent by the ILO was in Swiss francs whereas the budget was expressed in US dollars, it was logical that according to the current rate of exchange of 1.48 Swiss francs to the dollar there would be a considerable reduction in the level of the budget as expressed in dollars. Thus the essential question was the need to absorb fully the amendments made to the level of the budget, which should now reflect that of the amended 1996-97 budget. Of course his Government would welcome further measures to reduce expenditure.

62. Mr. Marshall, the Employers' spokesman, while appreciating that the three key elements of the ILO's activity — the promotion of democracy and

fundamental human rights, the protection of working conditions and the promotion of employment — were well represented in the budget, asserted that, within the context of the budget debate, some practicalities needed to be recognized. The Employers believed that employment was the key to poverty alleviation and social growth. Conditions of employment could only be protected and improved if there was employment. It was important to recognize that, whilst the promotion of democracy and fundamental human rights were critical, they were not the sole domain of the ILO. On that basis, and given the present world economic and social priorities, the proportion of the budget allocated to these three areas was appropriate. Support for enterprise growth, and in particular support for the development of small and medium-sized enterprises, was absolutely fundamental to the creation of employment, which should remain a key objective for the ILO. The Employers' group was surprised by the position of the Workers' group in this respect, because under the regular budget the enterprise programme ranked only 18th in the list of priorities. It did, though, receive the highest amount of external sourcing, which showed very clearly that enterprise growth was a key activity for social growth.

63. The Employers' group supported the IMEC group's call for more information to assist the Committee in establishing priorities. The Employers' group see it as important for the Committee to discuss these priorities before attempting to establish the level of the budget. The Employers would need time to consider the proposed procedures in light of those programme discussions.

64. The representative of the Government of Italy was pleased with the four major programmes outlined by the Director-General in his introduction as the main priority areas of the ILO. These four priorities — child labour, reinforcement of activities concerning labour standards, follow-up to the World Summit for Social Development as it concerned workers' rights and the promotion of small and medium enterprises, and the follow-up to the World Conference on Women in Beijing on the protection of women — coincided exactly with his Government's own priorities.

65. Recently the ILO had participated in several international conferences of great importance: the World Summit for Social Development in Copenhagen, the World Conference on Women in Beijing, and the conferences on child labour in Stockholm, Amsterdam and Oslo; and there was also the issue of labour standards at the World Trade Organization conference in Singapore. There had been a number of inputs from the ILO and it was important that these activities should be developed so that principles were carried over into concrete implementation. For this reason it was important that interim evaluations were undertaken of the ILO's priority activities.

66. While his Government supported the additional documents requested by the IMEC group, it was aware of the current difficulties: countries facing budgetary constraints, the decrease in extra-budgetary contributions, the difficulty of making exact assessments due to fluctuations in the exchange rate, and the considerable amount in unpaid contributions and arrears. He hoped that 1997 would see an improvement in this situation.

67. Finally, referring to the representative of the Government of Malaysia's statement that the ILO should have more teeth, he thought that this was

particularly important in relation to the work mentioned by the Director-General in paragraph 23 of his introduction concerning evaluation, training and mobility. These issues were of paramount importance and there should be an interim evaluation of them.

68. The representative of the Government of the United States expressed his Government's support of the statements made by the spokespersons for the IMEC group and the Americas group. He greatly appreciated the Director-General's presentation of the mission, goals, objectives and challenges facing the Organization, and of the resources devoted to these important priorities. The presentation was particularly welcome and an improvement on past practice. The work accomplished since the last budget cycle in developing priorities and in implementing the new budget should lead to a more strategic and transparent budget presentation. As the Office had been willing to respond to specific questions some progress had been made, although it would have been preferable for that information to have been contained in a supplementary document. Such a document should be made available in June as it was impossible to tell from the present document how the ILO planned to accomplish its priority objectives and at what cost. There was no indication of the results of programmes, what outcomes had been achieved, or what the expected duration was of the proposed programmes. Governing Body members often asked what programmes were of low priority and which could be reduced or eliminated, but from the document it was impossible to tell as it was unclear what programmes really cost. During the discussion the replies to the questions asked by the IMEC and Americas group as well as other delegations would be studied so as to find the answers.

69. Nevertheless, a number of areas, while lacking in specificity, did seem to clearly fall outside both the ILO's mandate and the priorities agreed upon by the Governing Body. These included genetic screening under major programme 90 (Working conditions and environment), research and advocacy activities concerning the full integration of women into population programmes, and technical support for educational programmes for constituents in the area of gender and reproductive health under major programme 125 (Development policies). There was a lack of clarity regarding activities related to HIV-AIDS. As well, it was difficult to determine the number of external collaborators and how much was spent on them, and it was not clear how standard costs used in staffing estimates related to the number or cost of actual staffing. This could mean that estimated staff costs were inflated, or the reverse. Travel costs were inexplicably high considering the rate of decentralization and the presence of the multidisciplinary teams. It would be in the interest of the ILO as well as the constituents for the Office to clarify these points.

70. The representative of the Government of China believed that, although priority had been given in the programme and budget proposals to the promotion of employment and the elimination of poverty, the funds allocated were insufficient. Excessively high unemployment and insufficient employment posed a severe challenge to political, economic and social conditions in member States. High unemployment was a waste of human resources, and because it was related to poverty it affected not only developing and transitional countries but also the industrialized countries. It was estimated that 30 per cent of the global workforce

was unemployed. Even among the OECD countries at least 34 million people were unemployed, and during the last five years poverty had increased worldwide from 1 billion to 1.3 billion. Each year about 16 million people died of hunger or malnutrition. Unemployment and poverty not only posed a severe economic and social problem, they were also a severe threat to workers' fundamental rights. The promotion of employment and the elimination of poverty was therefore a task of some urgency for the ILO, and the World Summit for Social Development had highly praised the unique role of the ILO in this respect. However, his Government had noted with regret that the Programme and Budget proposals for 1998-99 had greatly reduced resources for employment, training and technical cooperation, and it appeared that the ILO had not focused sufficiently on these tasks at a time when its expertise in these fields was sorely needed.

71. Furthermore, in recent years employment-related issues which should have been dealt with by the ILO were being dealt with by the World Bank or other international organizations. Should this tendency continue the unique role of the ILO and its prestige in the promotion of employment and the elimination of poverty would be affected. The ILO should take this into account when assigning priorities and objectives so as to breathe new life into its activities.

72. Referring to the provisions of the major programme on employment and training, he remarked that certain programmes were very well organized: for example training policy analysis, international coordination concerning the follow-up to the World Summit for Social Development, and the development of small and medium-sized enterprises. These were excellent initiatives, but lacked either content or funds. The programme should include provisions to enhance rural employment, especially in developing countries but also in the transition economies, and to help transition economies consolidate their efforts in employment and enterprise reform. Enterprises in transition economies found it extremely difficult to move towards a market economy and it was necessary to help them improve their productivity and competitivity. Relevant research and investment programmes needed to be established, as did consultancy services and technological assistance.

73. He was surprised that resources for major programmes 60 (Employment and training) and 125 (Development policies), the programmes concerning employment services, technical cooperation, and many others, had been reduced at a time when they should have been increased. It was especially unfortunate to see such a sizeable reduction in resources for technical cooperation, as this had been an important part of the ILO's activities over the years and had been highly acclaimed by countries everywhere. Perhaps there were good reasons for this which were related to past experiences, but the role and methods of technical cooperation should be examined carefully to see how it could play a more important role in the promotion of employment and the elimination of poverty.

74. He was pleased that there had been an increase in the appropriation of resources to strengthen field programmes and supported the programmes on the active partnership policy and work of the multidisciplinary teams. However, the resources allocated to the Asia and Pacific region did not take account of the vastness of the region; massive unemployment was a major problem, there was extensive poverty and there were problems with child labour, migrant workers

and women workers. Although the general level of the budget was acceptable, it should take much more account of actual needs.

75. The representative of the Government of Finland joined other speakers in expressing her appreciation of the Director-General's presentation of the 1998-99 programme and budget proposals. It was a reassuring step towards the strategic approach called for by the Governing Body. As the Director-General rightly noted, the effectiveness of ILO activities depended on its constituents, and especially the Governing Body, having access to the ILO's vast wealth of labour information and experience. The calls for more transparency in programme and budget proposals stemmed from this concern.

76. Though the Office was to be commended for explaining the priorities, focus and convergence of its main objectives and how it sought to deliver results in a timely and efficient manner, the presentation of the programme and budget proposals could go further in this direction.

77. Her Government fully supported the priorities identified in paragraphs 2-9 of document GB.268/PFA/6/2 and would appreciate the Governing Body being kept informed of efforts to shift resources into these priority areas and the effects thereof. In conclusion, she welcomed the emphasis on support for democracy and fundamental workers' rights and on employment and training as key components of the ILO's follow-up to the Copenhagen Social Summit.

78. The representative of the Government of Japan endorsed the statement by the representative of the Government of Canada on behalf of IMEC. Although the Governing Body and the Office had worked together to improve the formulation of the budget, he hoped that this commendable effort would be pursued as he was still somewhat disappointed. In both content and format, the budget proposals did not differ much from the traditional approach, and it was difficult to gain a clear picture of what it was intended to do.

79. The presentation by the Director-General the previous day was helpful as it provided a clearer indication of the ILO's priorities and intentions. In particular, the information on extra-budgetary funds helped put the budget into perspective. Over the past two years strenuous efforts had been made to streamline the ILO and reduce expenditure, and this effort should continue in the years to come. Because the ILO's funds were severely limited, it was even more important that sufficient resources be allocated to the ILO's core activities, even at the risk of curtailing others. These proposals should be regarded as a maximum and efforts to make further cuts should continue. He agreed with the representative of the Government of Canada that the ILO must focus on priority activities and generate savings through improved efficiency.

80. The representative of the Government of France observed that in any negotiations it was necessary to consider the views of both sides and the present meeting was the third stage in the Governing Body's negotiations with the Director-General, after those that had taken place in April and November 1996. In so far as the Governing Body was committed to negotiations not just on major orientations but also on the implementation of major political decisions, it inevitably needed more and more information. To be able to render judgement there must more transparency, and he therefore supported the IMEC's earlier requests to that effect.

81. The question was how far to take this call for greater transparency, and what information was needed to determine how well the programmes were achieving their major objectives. The answers should be found in the individual programme descriptions and determining whether they met the main priorities of the ILO would emerge in subsequent discussion.

82. Like the representative of the Government of the United States, he had noticed the reference in the programme and budget to family welfare issues. This reference was intended to support the work of sister international organizations, specifically the United Nations Population Fund, and did not mean that the ILO was embarking on new issues outside its principal areas of competence. This showed that examining each programme in detail did not really help to understand the main thrust of the budget proposals. Nevertheless, he endorsed IMEC's request for greater transparency. Some of the information could be provided promptly in the form of supplementary papers, but for the most part the replies should be taken as guidance for future budget documents.

83. The main question facing the Governing Body was whether the programmes corresponded to the ILO's mission. A careful examination of each programme would probably produce a strong consensus that they did in fact contribute to its priority objectives. Demands for greater transparency should not, however, be allowed to cloud the more important question of the overall level of the budget. The Government of France was prepared to accept the budget as presented, but without the proposed 2 per cent increase.

84. The representative of the Government of Argentina fully supported the recommendations which had been made by the spokesperson for the Americas group. Although the programme and budget proposals reflected a traditional approach which was not conducive to strategic budget planning, the Director-General's oral presentation was a step in the right direction. She expressed general support for the proposals, but regretted that the data presented in the annexes did not show the amounts allocated for specific projects approved by the Governing Body. The budget data should be broken down to enable the Governing Body to match appropriations to the various programmes and to provide a clearer picture of operational costs.

85. Although the Governing Body had been told that the programme and budget envisaged an increase in technical cooperation, the data provided in Information Annex No. 5 showed a reduction in the regular budget and extra-budgetary resources devoted to technical assistance. This discrepancy should be clarified so that the Governing Body could see what priority was being attached to this programme. Finally, she agreed with the observation made by the representative of the Government of Germany that travel expenses seemed excessive and that new communication technologies should make it possible to reduce this budget item.

86. The representative of the Government of the United Kingdom expressed full support for the statement made by the representative of the Government of Canada on behalf of the IMEC countries, and added her strong endorsement of the Swedish Government representative's emphasis on the importance of effective evaluation and monitoring mechanisms. She thanked the Director-General for his presentation the previous day and hoped that this helpful innovation would be

repeated. She would make her own comments on specific programmes and on the general budget later in the discussion.

87. The representative of the Government of Nigeria agreed with the objective as well as the main thrust of the ILO's strategy as expressed in the programme and budget proposals. Making the ILO a centre of excellence and reference in the field of employment and labour was an important objective, as was the promotion of democracy and workers' rights through regular dialogue and the proposed series of international forums. He supported also the objective of improving the protection of workers' basic rights, in which standard-setting activities could be expected to play an important role. Laudable as this objective was, the Office and the Governing Body should help developing countries cope with its possible negative implications, in particular through technical assistance programmes. The third objective, fighting poverty, was directly related to that of protecting workers' rights. Much of the focus of standard-setting activities had been on child labour and forced labour, and he was concerned that programmes to reduce child labour should take into account its importance for poor families in traditional societies. Efforts by international bodies to reduce child labour should be accompanied by greater aid to families in need of assistance so as to make them less dependent on their children's contribution, as it was often not possible to increase the productivity of the other family members. Unless emphasis was placed on bridging this gap, these standard-setting activities would undermine efforts towards achieving the related objective of reducing poverty.

88. The representative of the Government of the Islamic Republic of Iran welcomed the suggestions that had been made to facilitate a process of strategic planning. The information annexes presented by the Director-General had improved the transparency of the budget proposals, and the Asia and Pacific group would welcome additional tables and diagrams showing trends and programme details. Organizational streamlining and budgetary savings had resulted from important decisions taken by the Director-General and the Governing Body. Such financial prudence was welcome but care should be taken not to cut the budget to such a degree that activities and programmes became excessively dependent on external resources. Information on the sources and allocation of extra-budgetary funds would be very useful in monitoring this situation, and reductions in the technical cooperation budget should be confined to administrative costs. He went on to say that the Asia and Pacific group had always insisted that poverty alleviation remain a priority objective of the ILO, and suggested that savings could be achieved if sectoral activities were shifted away from meetings and towards technical assistance in this area. The proposals from the IMEC group and the Americas group were interesting and merited further consideration. Some representatives had recommended cutting travel costs, but he cautioned against reducing expert missions and advisory missions because they were an effective means of providing assistance to ILO constituents.

89. The representative of the Government of Poland observed that the 1998-99 programme and budget proposals had given him a chance to learn about the ILO's ambitious plans, which unfortunately risked not being matched by adequate financial resources. The use of advanced technology and improved data-collection methods afforded new opportunities for disseminating this expertise to

all member countries, whatever their previous economic system. The ILO should become a clearing-house for concrete, action-oriented information, because this would be a great help to countries confronted by severe labour and social challenges. Access to technical and legal data and to the experience of other countries in implementing policies and programmes could be of great assistance in taking employment and social policy decisions. He applauded the ILO's efforts to be at the forefront of the fight for more and better employment and for greater social justice in the labour market. Improving social security systems was essential if the costs and benefits of structural adjustment were to be shared equitably in transition economies, and the need for practical information regarding modern innovations to ensure social justice was therefore acute.

90. Combating unemployment and improving social services were very important, but these were not the only pressing issues for the ILO; industrial relations and conditions of work and employment also merited attention in today's changing world of labour. Strong emphasis should therefore be placed on developing institutional capacity in labour ministries, social service ministries, labour inspectorates and unemployment services. He noted the reference made earlier to the Fifth Regional European Conference of the ILO which was held in Poland in 1995. The resolutions emanating from that conference were important for countries in transition to a market economy, and the Government of Poland would appreciate information on how to implement them. Finally, he welcomed the references in the programme and budget proposals to improving staff development and training as a means of helping labour administration services to respond to the needs of employers and workers. With international assistance his own country was reconstructing its labour administration system and would be willing to cooperate with other countries in the process of transition to a market economy in organizing labour administration staff training. There should be closer cooperation with the ILO's Labour Administration Branch, the Turin Centre and the multidisciplinary advisory team in Budapest, so as to meet the Central European countries' training needs in this field.

91. Mr. Blondel, a Worker member, noted that building consensus was by definition the role of the Chair and cautioned against any strategy on the part of the Employers to seek consensus with Government representatives at the expense of consensus with the Workers. He congratulated the Director-General on his presentation of the budget proposals and called for increased use of multimedia presentations to improve the level of discussion. Presenting data in the form of charts was particularly helpful in clarifying the distribution of resources. Looking at this information, one could see that employment promotion had been given highest priority. He urged member States to keep funding for programmes promoting democracy and workers' rights at the same level as that for employment promotion programmes. In the Director-General's presentation of the budget the distribution of extra-budgetary funds was not as evenly shared as the distribution of regular budget resources among the three principal budgetary objectives. Employment promotion activities seemed to be unduly biased in favour of employers, and he feared that this lack of balance might undermine efforts to build consensus between the Employers and the Workers.

92. Mr. Blondel reminded the representatives of the Government of the United States of their country's reputation for promoting freedom, and cautioned that this prestige could be undermined by delays in paying their contributions to the ILO. From the discussion so far there seemed to be general agreement that management had to be more efficient, and that funds had to be used more effectively. As societies turned increasingly to liberalization, the ILO should play an active role in helping countries to counter its negative social consequences.

93. While the Director-General was doing what he could to tackle urgent problems, he was handicapped by the failure of some member States to fulfil their obligations. Hearing that some 20 million people were engaged in forced labour made it very difficult to accept these resource constraints. It was all very well to call for less unemployment, but forced labour was hardly an appropriate strategy and could only be condemned. There should also be an explanation of the proposed decrease in funding for sectoral activities under major programme 100. He questioned the comment made by the representative of the Government of Nigeria that child labour was an aid to family income, because sending children to school was also a strategy that improved the long-term well-being of families. He was also concerned that efforts to remove children from hazardous occupations should not result in their simply turning to alternative work. Referring to the recent conference on child labour in Amsterdam, he emphasized that the most effective strategy to reduce child labour was to make it possible for children to go to school. Finally, Mr. Blondel expressed reservations regarding the inclusion of parliamentarians and representatives of NGOs in ILO technical meetings and the proposed Social Forum. He also requested clarification as to the purpose of a second Enterprise Forum.

94. The Director-General, commenting on the debate, recalled that this was his fourth budgetary exercise and that he felt it was his responsibility to provide the Governing Body with an interesting and balanced menu of proposals over which it should be able to reach a broad consensus. For the first three exercises the debate had consisted essentially of the various members of the Governing Body discussing the actual composition of the menu. Witness Mr. Gray's speech earlier that day, for example.

95. A year ago, judging from the criticism he had heard of the ILO's "cooking", he had thought that it was the ingredients themselves that were the problem. But apart from Mr. Gray who did not agree with the menu and wanted it changed and improved, no one appeared to have any violent criticism to make of its general composition. Yet over the past eight years the Governing Body had never been quite so hesitant about giving its approval. He realized that the issue was not just one of having some new dishes to digest; it was a nutritional issue, and that was another matter altogether. What the governments seemed to want now was to know exactly what went into each dish — how much fatty substance, how many proteins, lipids and glucides — in other words, a complete breakdown of the food they are being served.

96. It has taken years to fully comprehend that what the Governing Body was looking for had changed. For his part the Director-General was not convinced that making good food and being a good dietician called for the same skills, nor that as a result people were going to eat any better or feel any more satisfied. But

the message was now clear, and the Office would endeavour to take due account of the comments of the members of the Governing Body.

Discussion of individual programmes by major group

97. The Committee had before it a paper[2] containing a recommendation by the Director-General concerning the structure of discussion on the Programme and Budget proposals for 1998-99. The Committee agreed to the recommendation in the paper to discuss the individual programmes in six major groupings.

A. General management and meetings (including the Conference, the Governing Body, regional meetings and sectoral meetings), shown under major programmes 10, 20, 30, 40 and 100

98. Mr. Gray, speaking on behalf of the Worker members, underlined the fact that a large part of the overall proposed programme and budget savings — amounting to nearly $9 million — came from major programmes 10, 20, 30, 40 and 100. The bulk of the savings came from cuts in the ILO's policy-making bodies, in the Conference, the Governing Body and in regional meetings, as well as in respect of sectoral meetings and other sectoral activities. As concerned major programme 10, the Conference had yielded considerable savings through reforms made since 1993. Reforms introduced in 1996 had been extended to 1997 and there was an assumption that they would continue in 1998 and 1999. However, the Worker members retained their established and strong objections concerning restrictions on the publication of the *Provisional Record*. The Conference had overwhelming importance as the ILO's highest decision-making body. The Director-General had given notice of possible future reforms, but no reform could be allowed to impair the proper functioning of the Conference, regardless of perceived financial gains. The Conference could not be squeezed indefinitely and reforms already introduced needed to be monitored carefully and subjected to regular review. Governments should recognize that the savings realized from the reform of the Conference were greater than those indicated in the budget proposals because governments' obligations to finance their tripartite delegations had been reduced. The Workers underlined their strong attachment to the assumption made in paragraph 10.4 of the proposals that there would continue to be three technical items on the agenda of future Conferences.

99. Referring to major programme 30, dealing with major regional meetings, the Workers had only two queries, both of which concerned language use. Paragraph 30.4 of the proposals indicated that the meetings of the members of the Workers' and Employers' groups, foreseen for the first morning of such meetings, would have to take place one after the other because of constraints on interpretation facilities. This made adequate group preparation very difficult. The Worker members asked whether it would be possible to hold simultaneous group meetings at subsequent points during these meetings, and requested information on the cost implications of a review of this situation. Similarly, it was noted that

[2] GB.268/PFA/6/S.

while documentation for the American Regional Meeting was to be provided in French, no such provision was made for interpretation. The Worker members asked whether this was in line with past practice or if it constituted a new cut.

100. While supporting the proposals for major programme 40 on general management — which were unchanged — the Workers wished to place on record the importance they attached to an effective collegiate approach in the overall guidance of the Organization by those at the top management level. Although the relevant proposals were spread out in a wider number of major programmes than those covered by this part of the debate, the Worker members wished to take the opportunity to make clear their preference in respect of the programme of technical meetings (paragraph 58 of the Director-General's introduction). In so doing, they underlined that meetings of this type were, and must remain, an important means of ILO action. The Workers were therefore pleased to note that proposals were made for convening nine technical meetings, instead of the seven referred to in November 1996. The Worker members could agree to the Director-General's proposals with the single exception of the Meeting of Experts on Labour Statistics: Occupational Injuries, which they wished to see replaced by the Meeting of Experts on Ambient Factors at the Workplace (concerning noise, dust and other pollution factors), which was to have taken place during the current biennium with a view to the adoption of a code of practice. In summary, the Worker members agreed with the proposals in major programmes 20 and 30 assuming answers could be provided on the question of interpretation and interpreters. In view of the fact that the regional meetings had been shortened, there should be at least enough interpretation to hold simultaneous meetings of the Worker and Employer members on both the first day and during the course of the meeting.

101. Mr. Marshall, speaking on behalf of the Employer members, recalled that general comments had already been made in respect of the overall budget and it was appropriate now to consider the specific programmes as proposed by the Director-General in the categories listed. The Employers regarded this opportunity as a means of identifying priorities and of developing practical responses to those priorities and, therefore, as a useful tool before establishing finally the budget allocation levels. A number of very constructive proposals had been made by the IMEC and other Government representatives concerning, in particular, the information required to further the transparency seen already in the context of this budget development activity. While members of the Committee would obviously consider these proposals within their appropriate groupings, it was important to place on the record the need to recognize that any further consideration of the programme and budget in June should take place as a continuation of this Committee's activities with full tripartite involvement.

102. The major programmes included under paragraph A (of document GB.268/PFA/6/S) had all been the subject of considerable prior discussion in this Committee and in other Governing Body committees, with a view to both achieving cost savings and efficiency in the professional delivery of the programmes. In general terms, the budget proposals reflected the understandings reached in those discussions. In respect of major programme 10, the Employers agreed with the understandings reached in previous discussions and wished to

indicate that, while it was appropriate for budgetary purposes to make provision for three technical items to be discussed at the 1999 Conference, that should not predetermine the outcome of future discussions on the content of that Conference. It might be appropriate to have two items although, for budgetary purposes, the matter could be left as proposed. The Employer members had no further comment concerning major programme 20. In regard to major programme 30 on major regional meetings, the Employers understood the point raised by the Workers concerning the scheduling of the meetings of the Employer and Worker members but considered that the proposal be retained and that there be an attempt to make the situation work in practice. While it might prove important to take another approach to maintain an international perspective, it was agreed for the moment that these meetings take place without the attendance of Governing Body delegations. There were no additional comments in respect of major programme 40. The Employer members were very supportive of the ILO's sectoral activities (major programme 100) and believed that some constructive outputs could be achieved from properly planned sectoral meetings which were targeted to specific sectoral issues. Such meetings should not be merely an opportunity for people within a specific sector to come together. The proposal to reduce the number of meetings during the biennium was accepted although this should not necessarily mean that such a situation should continue. It was considered, in fact, that sectoral activities might take on a high profile in the future, particularly in relation to employment generation activities within a given sector. The Employer members appreciated the enhanced budget for follow-up to these meetings. The follow-up activities should not, however, be predetermined and the Governing Body's Committee on Sectoral and Technical Meetings should review actively each sectoral meeting and determine the appropriate follow-up in respect of the specific sectoral issues discussed at those meetings.

103. The representative of the Government of Canada recalled the statement made by the IMEC group on the programmes under discussion which sought information on estimates of the full costs of the Conference, Governing Body and major meetings which, it was hoped, might be available before the end of the discussion. Noting that the statement also referred to efficiency savings and the need to look at streamlining — which remained a preoccupation of the IMEC group — she indicated a desire to see those criteria widely applied, perhaps in a specific suggestion to impose more discipline with regard to timing. Consideration should be given as to whether there was scope to shorten the meetings, and the speeches, and to start the meetings on time. Substantial savings had been achieved through this measure in respect of the 1997 Conference and could be imposed usefully also in regard to Governing Body sessions.

104. The representative of the Government of France expressed support for the comments made by the representative of the Government of Canada concerning discipline and the timing of meetings. With regard to major programme 10, which dealt with the International Labour Conference, he wished to thank the Office for having taken into account the interventions made concerning the *Provisional Record* and for having found a compromise solution. In addition, he asked for clarification as to whether the complete record of the Conference would include the plenary discussion of the reports presented by the Chairperson of the Governing Body and the Director-General. Information was

also sought on the difference between the cost for external printing (outlined in paragraph 10.6 of the proposals) and the cost of the method used previously.

105. The representative of the Government of the United States supported the comments made by the representatives of the Governments of Canada and France and reaffirmed the wish to receive details on the full cost of the meetings, as requested in the IMEC group statement. With regard to major programme 10, it was considered that any reforms affecting the Conference should be targeted towards ensuring that full use was made of the potential for the Conference to enhance the visibility of the Organization at the highest levels. The Conference should be made attractive for ministers to attend and its products needed to be marketed in such a way so as to ensure the ILO was recognized as a leader in the field of labour standards and employment. Her Government, as well as others, had noted in the past that it would be preferable to keep the number of Conference agenda items to a manageable level in order to ensure the highest quality of new standards adopted. It was therefore preferable for the budget to take into consideration two standard-setting items annually although, for planning purposes, five such items could be considered for the biennium. As most of the costs in major programme 20 were concentrated on the travel of Governing Body members, she asked for an assurance that this travel would be undertaken in the most economical way possible, eliminating business class travel and ensuring that the per diem rates were well within the rates expected by governments. There was some confusion as to what was actually included within major programme 40 (General management). As Assistant Directors-General were covered elsewhere in the proposals, there was a need to know the reasons for this difference and the justification for including this matter also in paragraph 40.2. There was also a concern about the relationship between the Professional and General Service staff in this programme. Her Government believed very strongly that the committees of the Governing Body needed to be careful about the number of items on their agendas. While there were many important issues being considered in the ILO — and there was a natural inclination for discussion of those matters as quickly as possible in the appropriate committees — it was also important to prioritize these issues, as the agendas were becoming far too large for the committees to handle in the time available. There should, for example, be only one annual meeting of the Technical Cooperation Committee and a half-day was sufficient. The same consideration applied to the Committee on Sectoral and Technical Meetings.

106. The representative of the Government of Germany associated himself generally with the views of the previous speakers and wished to recall his request for clarification as to why there had been an increase in travel costs of 319 per cent in major programme 10 (International Labour Conference).

107. The representative of the Government of Japan indicated, in regard to major programme 10, that the speeches and addresses of many persons attending the Conference, which included ministers and high-level trade union officials, had an inadequate impact because, unfortunately, they did not attract the attention of the outside world. It was, therefore, important that arrangements be found to publicize these speeches not only within, but also outside, the ILO. As concerned major programme 30, he referred to the fact that the first Asian Regional Meeting to be held under the new format would take place in December 1997 and would

provide an opportunity to assess the new arrangements. Seven staff were to be dispatched from headquarters to attend this meeting. Information was sought as to whether interpreters would be sent from Geneva or recruited locally. Referring to major programme 40, the speaker also asked how differentiations were made between the tasks assigned to the Deputy Directors-General and the Assistant Directors-General. Commenting on major programme 100, he emphasized that sectoral meetings ought to focus their debates on sector-specific issues because political issues such as the social clause often took up most of the time allocated for discussion. During the course of these meetings, the members of the working parties were often the only members who were kept busy, with the result that the other participants were not engaged actively in the meeting. Accordingly, it was necessary to devise an arrangement to ensure that all participants could take an active part in the deliberations. Reports of those meetings should be taken up at Governing Body meetings, and in the case of seminars, resumés at least should be reported to the Governing Body.

108. The representative of the Government of the United Kingdom welcomed the proposals for the major programmes and the reforms that had been put in place. The streamlining of the Conference and the Governing Body had already proved successful and there should be parallel reforms for the regional meetings. The Office should continue exploring the scope for further savings but in the case of the Conference, the most important public manifestation of the ILO, there was a need for complete revitalization as well. The representative of the Government of the United States had made a number of suggestions to promote the Conference and it would be useful to hear more about the idea of a Social Forum during the Conference. She expressed support for the call by the Employer members for well-planned and targeted follow-up on all sectoral meetings.

109. Mr. Blondel, speaking for the Worker members, referred to Mr. Gray's comments on major programme 100. The Committee would not be surprised to hear that the Worker members were not satisfied with the proposals made by the Director-General because they reduced the resources by more than 20 per cent for a programme which was of crucial importance to the activities of the ILO. The importance of this programme should be acknowledged by all members, especially as the Director-General had emphasized the necessity of bringing the ILO closer to its constituents — the precise objective of sectoral meetings. The Workers had the impression that sectoral meetings were being systematically and regularly devalued at the ILO, an unfortunate development when these meetings provided a unique tripartite framework for exchanging points of view on questions and problems related to the world of work — problems which were raised by those directly concerned. The sectoral meetings were fundamental to the ILO's activities as they contributed to reinforcing national capacities in the area of industrial relations, as proposed in major programme 80. The evaluation of sectoral activities carried out by the Governing Body in 1995 had resulted in a new structure for the meetings. The reduction in the budget for the meetings was to be offset by an increase in spending on technical assistance activities, consultation and follow-up, so these changes would have had no net financial impacts. However, the decisions taken by the Governing Body in the difficult financial climate in 1995 meant that the number of sectoral meetings had fallen from 16 to 12 in one biennium, with a proportional reduction in the

spending on means of action. The Workers were not claiming that the resources for this major programme did not conform to decisions taken earlier, but it was evident that sectoral activities were the most affected by global budgetary reductions. In the circumstances prevailing in 1995 it had perhaps been easy to target sectoral meetings, but current circumstances demanded a more balanced approach and a significant modification of the proposed cuts. The Workers were concerned that the 1995 evaluation exercise, far from laying down the basis for a more dynamic and efficient programme of sectoral activities, appeared to be opening the way to the gradual dismantling of this major programme. The reductions in staff and financial resources envisaged could deprive the programme of the expertise and competence necessary to guarantee its efficiency, and indeed one had the impression that the very existence of the programme was threatened. The Workers had already given their agreement to the 12 meetings in paragraph 100.9, which corresponded to decisions already taken in November 1996. Mr. Blondel expressed support for a meeting of the Joint Maritime Commission, which had already been raised at the first discussion on the programme and budget. The Commission should not be classified as a sectoral meeting because it was different in nature and had a very specific objective. The last regular session had taken place in 1991, with brief ad hoc sittings in 1994 and 1996. The Commission should be convened in 1998-99 in order to ensure the proper follow-up to the last session of the Maritime Session of the Conference. If a meeting was not held in the next biennium the earliest date for it would be about the year 2000, which was too far away. In a 1991 resolution the Commission had indicated the items to be placed on the agenda of its next session, one of which was the revision of ILO maritime Conventions. These formed part of the overall review of policy on the revision of standards, and the Joint Maritime Commission would be the best equipped to carry out this exercise.

110. The Workers would not make detailed comments on the follow-up proposals for sectoral meetings because they understood that preliminary consultations with constituents from the sectors concerned and with international workers' organizations had been held on the proposed measures. That said, the proposal in paragraph 100.17 on basic metals appeared strange: "the changing roles of unions in relation to other workers' representatives in negotiations with the management on new work practices". He asked what the relation of the unions in relation to the other workers' representatives was, as it suggested competition between trade union organizations and pseudo-unions.

111. In general the Workers had agreed during the evaluation of sectoral activities that they be organized around modules comprising meetings, research activities, advisory services, technical cooperation and networking activities, etc. They trusted that this idea would be retained and applied. It was important that the available resources be equally distributed between the 22 sectors that had been identified and that the activities be organized in a regular and timely way without long interruptions or fluctuations caused by the cycle of meetings. If reductions in the major programme were unavoidable, the sectoral programmes should be integrated into other technical and regional programmes, with some exceptions — specifically, major programme 90. He regretted that no conclusions had been drawn from the excellent work of the Symposium on Multimedia Convergence;

it had been interesting but the lack of follow-up meant it would have limited significance for the future.

112. Mr. Thusing, speaking on behalf of the Employer members, expressed his support for most of what had been said on the subject but said that Mr. Blondel's intervention had prompted him to take the floor. He too would be pleased if this programme were allocated more resources, but it was normal that a reduction in resources should result in a reduction in the number of meetings. However, detailed analysis of the programme had been carried out and a decision had been taken on a reduction involving new procedures and structures. Pointing out that the existence of the programme was not endangered in any way, he said that it should continue as planned and no immediate assessment should be made to reverse these decisions.

113. Referring to the question of follow-up measures, he agreed that, although sectoral meetings did not necessarily give rise to conclusions or resolutions, the form of the follow-up was extremely important and had to be identified by the meeting. The overall package seemed acceptable, but there was not necessarily agreement on all the details within the package. Future follow-up action should be better discussed in the Committee.

114. A representative of the Director-General (the Deputy Director-General responsible for Policies related to Standards, Sectoral Activities and Relations with ILO Organs) responded to the objections raised by the Worker members and by the representative of the Government of France regarding the *Provisional Record* and said that the Governing Body had decided after the 1996 Session of the Conference to continue the new arrangement in 1997. The *Provisional Record* was one of the largest expenditure items at the Conference and it would cost about $500,000 to re-establish it in its earlier form. Referring to the statements of the representatives of the Governments of the United Kingdom and of the United States calling for a revitalized Conference, the Office was already considering this matter but any changes would inevitably mean some additional costs. Referring to points raised by Mr. Gray on regional meetings, he explained that full French interpretation had been provided for Haiti at the Conference of American States Members of the ILO. In the event, however, no delegation from Haiti had attended. Simultaneous interpretation could be provided at no additional cost if the Government members met briefly the first day, as had been the normal practice. Otherwise one more team per language would have to be added, and this would incur extra costs. Turning to the statement of the representative of the Government of Canada, he replied that the budget had to be drawn up on the basis of certain assumptions but there would always be difficulties later if they were not met.

115. Referring to Mr. Chotard's statements, he confirmed that Committee reports would be included in the final *Record of Proceedings* printed after the Conference. Regarding the savings achieved by printing the *Record* in-house rather than outside, he compared the general printing costs of $1,922,240 for 1996-97 with the estimated costs of $1,168,600 for 1998-99, which meant a reduction of $753,640. These figures, however, included all costs and went beyond those indicated in paragraph 10.6 of the programme and budget proposals.

116. Responding to various questions about travel costs for the Conference, these had been presented differently from the past, when they appeared under personnel costs. They represented the cost of bringing officials from the field to serve on a committee or to fulfil a specific function at the Conference. This explained the increase of 319 per cent mentioned by the representative of the Government of Germany. These costs were now presented under the right title.

117. As regards general travel costs, which the representative of the Government of the United States had mentioned, he said that prudent management implied addressing them. Sometimes there was a difficulty of taking advantage of economy class fares on shorter trips or on trips which did not include the weekend. The DSA for the weekend could in some cases negate any savings. He acknowledged the comments about business-class travel but wondered whether Governing Body members from outside Europe would appreciate travelling economy class. In reply to the statement of the representative of the Government of Japan concerning Asian regional meetings in the current biennium, he explained that interpreters were not recruited from Geneva but locally from Bangkok, except for English. Russian interpreters were recruited from Moscow, Chinese interpreters from Beijing and Arab interpreters from the Arab region.

118. A representative of the Director-General (the Director of the Bureau of Programming and Management), in answer to the first question of the representative of the Government of Canada who spoke on behalf of the IMEC group, said that what they were talking about was the total cost of the General Management over and above what appeared in major programme 40.

119. Major programme 40 comprised the resources earmarked for the members of the General Management, i.e. the Director-General, three Deputy Directors-General and two Assistant Directors-General — a total of $2,995,000.

120. Other resources than those mentioned in major programme 40 included the six other posts making up the General Management: Treasurer and Financial Comptroller, Regional Director for Africa, Regional Director for the Americas, Regional Director for the Arab States, Regional Director for Asia and the Pacific and Regional Director for Europe. The expenditure for these members of the General Management appeared under the major programme for each region and, in the case of the Treasurer and Financial Comptroller, under major programme 170 (Financial services).

121. There were also two other Assistant Director-General posts, the Director of the International Institute for Labour Studies and the Director of the Turin Centre, which were shown under the corresponding budgets.

122. All in all, eight regional Assistant Director-General posts did not appear in major programme 40, for a total of $6,990,480. The overall total General Management was therefore $9,488,450, plus the $6,990,490 for the other members.

123. The Deputy Director-General responsible for Policies related to Standards, Sectoral Activities and Relations with ILO Organs said it was reassuring to hear the groups express their agreement on the importance of the programme on sectoral activities. A special effort had been made to express the programme objectives in such a way as to facilitate the integration of the sectoral

programme with other activities in the house because of the close linkages between sectoral activities and almost all other ILO programmes.

124. The Director-General, replying to the question of the profile of the Conference and its significance which had been raised by the representatives of the Governments of the United States, Japan and the United Kingdom, said that there were two considerations. The first was what must be done to attract ministers to the Conference, make it interesting for them and give their speeches a proper impact. The second was how to ensure that the ILO was taken into account by public opinion and could sell its products more easily. These were important and difficult questions. Broadly speaking, ministers were more likely to attend if they found the topics discussed at the Conference interesting. That was also the best way of arousing media interest, and the ILO was more likely to attract ministers if they thought that their statements might be taken up in the press and on television. At the same time, the media would be much keener to cover the Conference if it was attended by decision-makers making policy statements.

125. The fundamental question was whether the ILO could do a better job. If one asked whether, as it stood, the Conference was ideally suited to this type of activity, the reply was a resounding "no". Some people might say that that was not what it was there for, that its purpose was first and foremost to carry out a certain amount of important and difficult technical work on a tripartite basis, and that therefore the ILO's first concern must be to have an effective, serious Conference discussing matters without worrying about public opinion.

126. Without wishing to belittle this fundamental aspect of the Conference, the Director-General felt that it was possible to combine the two operations.

127. One way of improving things would be to ensure that the Conference's agenda was interesting. The Director-General's forthcoming Report to the Conference would describe how the Conference agenda was established. Choosing the standards or Conventions to be discussed took a long time and involved a complex and difficult dialogue with member States. There was no reason to link them to other items on the agenda. But the procedure started much too early and did not take into account the latest developments or swings in public opinion. As far as possible, a compromise was reached between standard-setting activities and other activities, and often there was no opportunity at a later stage to opt for more topical, interesting subjects that might have had a greater impact among ministers, in the general public and in the mass media. Taking decisions two or three years in advance meant that the Conference might end up with items on its agenda that were no longer so topical. His Report would contain precise suggestions on this point.

128. Was it possible to go a step further and imagine that, apart from the technical work of the Conference, a series of other events could be organized? This had already been tried and recent years had seen some innovations, such as the organization of informal meetings of ministers on more topical issues. It had been very successful. Ministers had attended, sometimes in considerable numbers, and both public opinion and the media had shown an interest in these events. Another question was whether the ILO should consider more modern marketing methods. A new departure this year had been to organize an Enterprise Forum

separately from the Conference, which had drawn people to Geneva and to the ILO who did not traditionally come to its Conference sessions and its meetings. Everybody had considered that the innovation had been successful, and in his Report he proposed that the ILO continue along these lines and organize other forums of this kind. The representative of the Government of the United Kingdom had asked how the two could be combined. Was it possible, at the same time as the Conference, to organize round tables, meetings and forums attended by people other than those who were normally part of the Conference, and also by employers' and workers' representatives and ministers of employment and labour attending the Conference? If the ILO wanted to interest public opinion in forums and round tables that did not lead to immediate decisions, the subjects for discussion had to be highly topical, difficult and complex and the international personalities who came to express their views had to be well known.

129. In the last few weeks, the Director-General had been trying to come up with one or more meetings of this nature for 1997, alongside the International Labour Conference, but the consultations and negotiations he had engaged in had not led anywhere and it would therefore not be possible to have a programme along these lines this year. He did hope, however, that after all that had been said on the subject, it would be possible to continue discussing the organization of a general conference programme that would take into account the concerns expressed by the three representatives who had spoken.

130. Mr. Oechslin, for the Employers, said the Director-General's intervention was very interesting and posed many questions of principle. He would be addressing the Committee when it considered the next major programme group and some of his comments then would relate to the discussion just completed.

131. The representative of the Government of the United States reaffirmed support for reform of the sectoral programme and for the reduction in costs. She agreed that follow-up should be more focused and said that this should be discussed in the Committee on Sectoral and Technical Meetings and Related Issues. Referring to comments by the representative of the Director-General concerning travel costs, she too would prefer not to travel economy class but was constrained to do so when the cost for business class was sometimes double and triple that of economy class. As to the comments of the Director of the Bureau of Programming and Management, she pointed out that the costs for the eight Assistant Directors-General amounted to almost $7 million in a biennium, which meant that it was nearly $400,000 per person per year. She asked for clarification of this figure which appeared exorbitant.

132. Mr. Blondel, Worker spokesperson, wondered what the significance would be of peripheral activities to the Conference. Would the ILO be obliged to force ministers to come to the Conference? If they only came when the Conference offered them television coverage they would be showing a regrettable and totally unacceptable lack of interest in the work of the Organization. In any case, it would be up to the Employers' and Workers' representatives as well as the governments to ensure that the ministers did come to the Conference. This would show the concern they have in social issues in their countries, which was after all their responsibility.

133. The Director-General asked for the floor to explain what seemed to be a misunderstanding. The problem was not to get ministers to come to the International Labour Conference but to make their presence more worthwhile.

134. The representative of the Government of Germany thanked the Office for the explanations concerning travel costs but considered it would have been more logical, when moving Conference travel costs from major programme 160 to major programme 10, to have shown an increase of 40 per cent for major programme 10. He requested further clarification of this point during discussion of major programme 160.

135. The representative of the Government of Canada noted that paragraph 10.8 of the programme and budget proposals stated that, in addition to the directly identifiable costs shown for the International Labour Conference, costs were incurred under a number of other major programmes, and asked for an estimate of the indirect costs of the Conference, Governing Body meetings and major regional meetings.

136. Mr. Gray, speaking for the Worker members, referred to the Deputy Director-General's remarks on interpretation at regional meetings and asked Governments to keep meetings short in order to help Workers and Employers organize simultaneous activities.

137. A representative of the Director-General (the Deputy Director-General responsible for Policies related to Standards, Sectoral Activities and Relations with ILO Organs), responding to the question from the representative of the Government of Germany, pointed out that the essential change in budgeting travel costs for the Conference was that in prior biennia most of the travel costs had been combined with staff costs, whereas in the present proposals they were shown separately.

138. A representative of the Director-General (the Director of the Bureau of Programming and Management) began by responding to the United States delegate's request for clarification regarding the General Management.

139. Like other staff costs, the figures shown for the members of the General Management were averages. This average, which covered all expenditure, was not the salary of the individual members but corresponded to an average figure of $249,160 per year, covering all costs under these posts; if eight posts were added to major programme 40, the overall total was $6,990,480.

140. As to the question raised by the representative of the Government of Canada on behalf of the IMEC group and concerning indirect costs, an explanation could be found in paragraph 65 of the Introduction. Paragraph 65 referred to the indirect costs of the meetings of the policy-making bodies and to the study and estimates that had been made of this item. To be precise, these estimates needed to be updated to take into account changes that had occurred, but the figures given in the paragraph provided a general picture of the indirect costs. Updating the estimates was a highly complex business because ILO officials were constantly contributing to one meeting or another, although the corresponding cost was not included in the cost of the meeting itself.

141. The representative of the Government of the United States asked exactly what the average cost referred to by the representative of the Director-General comprised.

142. The representative of the Director-General (the Treasurer and Financial Comptroller) said that staff costs were budgeted for by the use of standard costs corresponding to different categories and grade levels. There was first a general service standard cost, covering all General Service grades at headquarters, and then a Professional standard cost which covered the grades P.1 to D.1. There was a separate standard cost for the D.2 grade. For the directorate, there was an average drawn up for the ADGs, the three DDGs and the Director-General. The figure quoted earlier was an average for all members of the directorate and did not correspond to the separate average cost for an ADG, a DDG or the Director-General. The standard cost included all staff costs, both direct and indirect.

B. The technical major programmes and those concerning employers' and workers' activities (major programmes 50-145 inclusive, 225 and 230, but excluding major programme 100 concerning sectoral activities)

143. On behalf of the Employer members, Mr. Oechslin said that he would not examine all of point B and that some programmes would be dealt with by other Employer members. Before continuing, he wanted to make a few observations on the statement which the Director-General had just made as well as on some others which had been made the day before. Firstly, he wanted to explain what he understood by the word "consensus". According to him, consensus was undoubtedly the result of a process. It was also an objective but it was not a presupposition and the Employers and the Workers had had occasion to criticize vigorously situations in which the consensus was too obvious to be genuine. In the same way, consensus could not be an imperative because in that case it would be equivalent to the right to a veto. However, in examining this question, he wondered if he was right and whether it might not be useful to make greater use of consensus within the ILO. The International Labour Conference was the only major international conference which did not operate on the basis of consensus, but which took its decisions on a majority basis. At the last session of the Conference, one of the instruments had been adopted with a very small majority by the Workers and some Governments. It would certainly have been preferable to work on the basis of a consensus. The same was true concerning the fixing of the Conference agenda, which was sometimes adopted by consensus, sometimes by a majority. Perhaps the Governing Body could reflect on the idea of taking its decisions on such important subjects by consensus, and if the Worker members made proposals in this direction the Employers would be happy to examine them.

144. The speaker then turned to the comments which the Director-General had just made. As regards the two forums appearing in the programme and budget proposals, the Employers emphasized that there would be nothing more dangerous than to consider that there was a forum for employers and a forum for workers. The forums were for the ILO and their purpose was to promote its objectives.

The focus of these objectives might vary, but in the final analysis it was a matter of defining instruments for the ILO. The forum formula which had been tried out recently with the Enterprise Forum had shown the interest of a less formal dialogue than that which was carried on within the bodies of the Organization. The Employers believed that this Forum had certainly enhanced the ILO's visibility in certain quarters, in particular amongst enterprises and enterprise consultants who, in most cases, had only an approximate knowledge of the ILO and who had learned much about the Organization in the Forum.

145. As regards the Director-General's idea of organizing such forums at the same time as the Conference, the Employers believed that a distinction must be made between two types of meetings. Firstly, there were meetings such as those of the Governing Body or the Conference. According to the Constitution, these decision-making meetings should have a tripartite structure and participants should be the constituents of the Organization. NGOs, for example, were not part of the ILO's constituents. The Workers seemed to share the opinion of the Employers on this subject. Secondly, there would have to be other kinds of events to increase the visibility of the ILO. The Employers believed that the Organization was not visible enough and that it would certainly be desirable for public opinion in general, but above all the public opinion directly concerned, i.e. the economic, social and political actors, to have a better knowledge of ILO activities.

146. The Employers believed that these two kinds of meetings should not be confused and it was for this reason that they were circumspect about the proposals for using the Conference for organizing meetings directed targeted on public opinion. They were interested to see the views of the Director-General which would be set forth in his Report to the next session of the Conference, but they believed that both the form and the content of the matters to be debated in events designed essentially to enhance the ILO's visibility should be carefully weighed. These should not be part of the decision-making process within the Organization.

147. The Employers were pleased to see that the Ministers of Labour had expressed a strong desire to participate in the Conference. They played an important role there and it was the Ministers who led a number of Government delegations. The Employers believed that the opportunity given to these Ministers of speaking for five minutes in a sparsely populated hall was not enough and that they should be able to express their presence in other ways, a practice which had been followed. The Employers respected the Ministers of Labour and they believed that the Organization could further integrate them into its work, but that the International Labour Conference should remain the supreme legislative body of the ILO.

148. As regards the forums, the Employers believed that the idea was certainly interesting but the paragraphs dealing with these forums were to be found in two different major programmes and they provided rather fragmentary information. They believed that the principle of these forums could certainly be adopted and that the necessary provisions could be established in the programme and budget. However, they believed that before these forums were convened, a debate should be held on the way in which they were to be organized to ensure that they were not a kind of meeting at which Employers and Workers would be

invited only on a marginal basis, but would be active participants. According to the Employers, the first Enterprise Forum had been a success but that did not mean that a number of things could not be improved.

149. The speaker then moved on to the different programmes. As regards major programme 50 (International labour standards and human rights), the Employers did not have much to say, since the activities of this programme were largely conditioned by the decisions taken within the framework of the LILS Committee, in which they participated. For them it was a key programme. The Employers recalled an important remark which had been made the day before, concerning the need to adopt a rigorous legal language, in particular as regards the definition of the basic rights of workers. In this major programme, some paragraphs lacked rigour, in particular paragraphs 50.12, 50.18 and 50.4. Since the Governing Body was now examining procedures to strengthen the application of a group of core Conventions, it was indispensable for this group to be completely and clearly defined. The other Conventions were also important, but they did not require the same kind of action.

150. Another Employer member would be speaking about major programme 60 (Employment and training). However, the speaker wished to mention a paragraph which he believed clearly illustrated the way in which the problems were examined: this was paragraph 60.26. At the beginning of this paragraph it was stated that the idea that flexibility encouraged employment was flawed, and at the end of the paragraph reference was made to the need to undertake case-studies. It would have been preferable to say that case-studies should be undertaken to examine whether the hypothesis was correct or not. This kind of approach was to be found in many other proposals, whereby a categorical opinion was expressed, followed by the carrying out of case-studies. The Employers wondered whether studies had been carried out with a view to confirming the idea already expressed by the Office or whether the results of studies were examined with an open mind.

151. Major programme 65 (Enterprise and cooperative development) was the one that most interested the Employers. They strongly supported this programme, since it was an essential aspect of the ILO's strategy for employment promotion. The key feature of this programme was the action programme for small and medium-sized enterprise development for employment. The two other action programmes were also of interest, since they were complementary and provided support for this central programme. The Employers attached considerable importance to this programme; they believed that it was one of the elements which would be of decisive importance in their final position on the programme and budget proposals.

152. The speaker then said he would like to comment on the lack of balance between the programmes on employment promotion and the fight against poverty and the two other major programmes contained in the two other boxes which included the different activities of the ILO. There was a relative balance at the level of regular programmes. The lack of balance appeared above all as regards external resources, with the programmes on employment receiving a much greater volume of external resources than the other programmes. But was not the Director-General, nor the Employers, who determined the level of external

resources, but the major donors, the major international institutions, and the multibilateral national programmes. If the ILO refused to carry out certain programmes, they would be carried out by other organizations, since competition here was very strong. The Employment and Training Department was active, and if the ILO were not active it might well lose resources. According to the Employers, there should be no reduction in access to external resources which benefit programmes as a whole, but study should be made of the ways in which activities concerning the other programmes are "sold" to the international organizations which finance these operations.

153. The Employers expressed doubts about the title of the action programme: Social investments. This concept seemed to be ambiguous, since an investment was viable only if it produced economic results, in particular for the type of investment appearing in this programme. The Employers were also rather perplexed about programme 65.3 (Hotels and tourism), which had gone through some difficult phases and for which resources were now limited. Paragraph 65.29 proposed to concentrate activities on the creation of small tourist enterprises. This was an objective which the Employers supported, but they believed that a negative image of those who worked in this sector, as suggested at the end of paragraph 65.28, should be avoided.

154. The Employers supported major programme 75 (Turin Centre) since it was based on the effective needs expressed by the constituents. It was a body which was managed on a tripartite basis, the ILO's contribution was constant, and they hoped that the other contributions would develop. Furthermore, they wished to congratulate the Director of the Centre, in particular for the programme (Small enterprise development and employers' activities) which was just beginning and which was modest, but which certainly had a great future. The Employers believed that the Director would continue to support these activities which interest them. Within the staff structure of the Turin Centre, there was a unit which dealt specifically with activities for workers' organizations. The Employers wondered whether it would not be possible to appoint an official to be responsible for assisting the Centre in programmes for employers.

155. Another Employer member would be explaining the Employers' position on major programme 80 (Industrial relations). As regards major programme 85 (Multinational enterprises) staff numbers had been reduced, although the programme remained very important for the implementation of the Declaration of Principles concerning Multinational Enterprises and Social Policy, which was still relevant. The Employers were perfectly satisfied with the work of this department which was carrying out its tasks with great objectivity and with the support of all the constituents. The speaker wished simply to make a small observation concerning the project for the preparation of a code of conduct. Although this project was not uninteresting, the preparation of a kind of model code would seem to be difficult since the situation varied considerably from enterprise to enterprise.

156. As regards major programme 90 (Working conditions and environment), which included in particular child labour, the Employers attached the greatest importance to the activities of this programme and they fully supported the IPEC programme whose new method for achieving its objectives

had proved extremely effective. Recently, a new approach to relations with major enterprises and with enterprises in the countries concerned had been adopted and this cooperation-based approach had produced excellent results. Much remained to be done in this sphere and Employers proposed to renew their commitment expressed in the General Council of the IOE on this problem. The Employers believed that action should be pursued concerning the environment and the world of work despite the staff problems and they supported the ILO's activities in this area and in particular the work of this department.

157. The Employers were very interested by the concept of "safety culture". This was a new development and it was one of the cases in which the ILO was fully abreast with the latest developments in this sphere in innovative enterprises. This new approach to safety contrasted with a perhaps overly regulatory conception of safety. The Employers continued to be perplexed about genetic screening, even if it is not the ILO which finances this subprogramme. They believed that the subject lay outside the concerns of the Organization.

158. As regards working time, the Employers noted an example which was identical to that mentioned before. A principle had been established, followed by an attempt to justify it. They believed that the reverse should be the case. Since the problem of working time was very complex, it was necessary first of all to gather and examine data. The social security programme would be dealt with by another Employer member.

159. As regards the major programme on statistics, the Employers wanted to make an observation concerning the Conference of Labour Statisticians. They did not understand why the number of Employer and Worker participants in this Conference had been reduced from six to three. Given the importance of this Conference, and the agenda proposed for the next session, they believed that the previous practice should be re-established.

160. Major programme 125 (Development policies) raised a number of questions. First of all, the Employers considered that the term "development policies" did not accurately reflect the content of the programme which gave rather the impression of being a programme which contained everything which was not wanted for inclusion in other programmes. They wondered why the problem of the marginalization and unemployment of young persons was not dealt with in the major programme on employment and training. Other programmes should be more integrated into the major programme on employment. For example, in paragraph 125.8, reference was made to employer organizations in the informal sector, which would not really be employers' organizations. The Employers believed that all entrepreneurs were employers or prospective employers. There was no reason to deal with the problem of the informal sector independently from what was being done in ENTREPRISE, ACT/EMP and EMPLOI.

161. Home work had been dealt with by the Conference more or less successfully. The Employers believed that this question should be dealt with by the Conditions of Work and Welfare Facilities Branch. A number of economies could be made in major programme 125, particularly since major programme 140 (Equality for women) was quite limited in its staff resources. It was not a major programme, but a mini programme. Furthermore, major programme 125 included

many other programmes which concerned women. Major programme 130 (International Institute for Labour Studies) would be dealt with by another Employer member.

162. As regards major programme 145, the Employers had already expressed their points of view as regards the Forum. Concerning the databases, he said that he himself was a regular user of ILOLEX and he congratulated those who worked in this direction. The information it provided should be raw, objective data, which mentioned documents and sources, and should not be considered as a means of disseminating ideas. He also congratulated the ILO for having established an Internet site. He had looked at the content of this site, which had left him feeling rather perplexed. He believed that it would be a good idea if the content of this site, which is the ILO's main showcase, should be seriously examined by the Office with the participation of the Employers.

163. The speaker now turned to the last programme which he wished to examine, namely Employers' activities, which was essential to them. During his interventions during the preliminary phases of the preparation of the budget, he had insisted on this programme. The Director-General should not consider these interventions as a kind of ritual or as the expression of a kind of jealousy with regard to the other programmes. The Employers believed that their remarks had been listened to politely, and sometimes with interest, but that they seemed to have been completely disregarded during the preparation of the budget. This Bureau has three tasks: firstly, the old and classic function of maintaining relations with employers' organizations, a task which had undergone changes in accordance with events; secondly, informing the Director-General and his services of the opinion of the Employers. This meant that the Bureau had to be informed of all ILO activities, and this process required time. Furthermore, the Bureau had developed an important programme of technical cooperation. However, the Employers noted that the resources allocated to major programme 225 in the regular budget were relatively low and that those devoted to the subprogramme on technical cooperation were even lower. The Employers believed that what was allocated at headquarters to a programme of this kind had a multiplying effect and that in order to obtain external resources, considerable funds in terms of staff and resources were necessary. Furthermore, the Employers wanted to draw attention to a situation of imbalance between the programme of workers' activities and the programme of employers' activities, since the former was allocated more than 16 million dollars, whereas the resources granted to the latter were less than 6 million dollars. The Employers believed that the statement that other departments such as the ENTREPRISE are departments for employers was not justified. This would be tantamount to saying that the International Labour Standards Department was intended for workers since most of the Conventions protected them. The truth of the matter was that ACTRAV and ACT/EMP were the only services which directly assisted employers' and workers' organizations. The Employers therefore requested the Director-General to take these remarks very seriously which expressed the concern of the Employers that the Organization should be brought closer to its constituents.

164. The representative of the Government of Italy supported the remarks of the Employers' spokesperson and earlier speakers regarding the importance of

precision and rigour when talking about fundamental rights. The emphasis on discrimination in employment and forced labour was well placed. He called for details on the Director-General's initiative concerning the ratification and implementation of fundamental human rights Conventions. With respect to major programme 60 (Employment and training), he stressed the importance of training in the fight against unemployment and in preparing new generations of workers for a changing world. He likewise subscribed to the statement in paragraph 60.37 concerning the need to build bridges between education, training and employment. Successful training required policy, organization and performance. His Government supported major programme 65; small and medium-sized enterprises were the backbone of Italian industry, and the country had a long and successful history of cooperatives. It would likewise continue to support the Turin Centre, as training was so important. He expressed support for major programme 90 (Working conditions and environment). Anyone who had read the papers on the problem of child labour prepared by the ILO or heard the words of the Director of UNICEF at the Amsterdam Child Labour Conference would feel that everything possible should be done to improve the situation. Another important aspect of the major programme on working conditions and environment was occupational safety and health. This was a priority issue in Italy, and new legislation in the area was being developed at the moment. Finally, he stressed the need for the ILO to use major programme 140 (Equality for women), to implement the decisions of the Fourth World Conference on Women in Beijing.

165. Mr. Edstrom, for the Worker members, underlined the special importance of programme 50 (International labour standards and human rights). At the core of the ILO's mandate, the programme also corresponded closely to the Organization's priorities on democracy and human rights, and the promotion of standards should continue to guide the activities of the Organization of the whole. However, this programme should be reinforced because the ILO spent only 3 per cent of its overall resources on standards activity. It should do more than merely ensuring the proper functioning of the ILO's supervisory machinery and play a role in expanding promotional work called for by the Governing Body, service the review of standards-related activity, ensure the link between standards and technical cooperation, and raise awareness of ILO standards around the world. While the workload had expanded, resources had not, and the Worker members doubted the capacity of the programme to accomplish all these aims.

166. Promotional work on standards was not something to undertake only when funds were available. A commitment had been made in recent years to provide technical assistance on the use of the supervisory system to trade unions and employers' organizations in particular. The programme should continue its promotion of all standards in the International Labour Code, but further demands for promotional work arose from the campaign on fundamental rights and from decisions since 1994 of the Working Party on the Revision of Standards. Work so far had focused on standards revision, the promotion of fundamental rights, and strengthening of the supervisory mechanism, but there was a fourth component, the development of a portfolio approach to new standards, to which the programme would have to devote increased attention in the new biennium. This would entail extensive research on potential new standards. The proposals were inadequate in their present form and paragraph 50.3, in particular, with its

focus solely on the reform of standards and the supervisory machinery, might give a false impression of the work to be done. The link between standards and technical cooperation, lay at the heart of the active partnership policy but had received little attention in the proposals. It was especially with regard to standards that ILO headquarters had the duty to coordinate and guide the activities of the MDTs, and thus ensure the consistency, integrity and universality of one of the ILO's core activities. Any relaxation of attention or reduction of resources in this area was unacceptable, which was why the Worker members wished to see a greater allocation of resources for major programme 50. There were two ways in which this could be done: RBTC funds, amounting to $854,000, should be increased, and an action programme on the promotion of the fundamental rights Conventions should be included in the programme. In view of Governing Body decisions on the importance of these Conventions it was curious that this was the only one of the major programmes not to have an action programme in two successive biennia. An action programme would dispel the impression that the standards programme was purely formalistic. Finally, greater efforts had to be made to secure extra-budgetary funding for both the promotion of fundamental rights Conventions and the linking of standards to technical cooperation.

167. Referring now to specific points, the Worker members approved of the transformation of the Equality and Human Rights Branch into the Discrimination and Forced Labour Branch, but they were disturbed by a major inaccuracy in paragraph 50.2 which said that Convention No. 138 had not been identified as a core standard by the World Social Summit. If this was not corrected confusion could be generated over matters of key importance to the ILO. Also, referring to paragraph 50.12, the Worker members believed that ILO assistance should be available to trade unions and not just to governments in respect of draft labour legislation when such drafts were in the public domain. The Worker members attached great importance to the development of cooperation between the ILO and other bodies dealing with human rights, in particular, the UN Centre for Human Rights. The emphasis should be on the fundamental rights Conventions, particularly freedom of association, and decisions of the ILO supervisory bodies should be systematically transmitted to the appropriate UN bodies. The Workers supported the important information service activities, in particular, ILOLEX and NATLEX, which were essential parts of programme 145. Finally, since the development of standards reflected objectives shared by all tripartite constituents, it was surprising to hear an Employer member say that health and safety provisions and the work of the Standards Department were in the Workers' interest only.

168. The representative of the Government of France urged the ILO to make a greater commitment to the activities of NGOs than it had made so far. From the programme and budget document there seemed to be a considerable amount of confusion and repetition. For example, both major programme 60 (Employment and training) and major programme 125 (Development policies) dealt with the informal sector and the marginalization of youths, and major programme 50 appeared to combine the standards on forced labour and migrant workers. The relationship between programmes should be analysed both before and after the proposals had been drawn up. For example, in terms of the objective of employment creation, one could say that programme 60 was the pilot programme,

so all other programmes that referred to employment creation should do so in the context of what was said in major programme 60. This was not only more logical, it would facilitate discussions of the programme and budget proposals.

169. Mr. Katz, for the Employer members, said that it was difficult to comment on major programme 60 without some remarks on substance — that would come up in greater detail in the ESP Committee next week. The Employers would like to be associated with a centre of excellence in this house on employment issues. Employment should be at the centre of the ILO's concerns although parenthetically that notion seemed to be resisted by the Workers' representatives.

170. Referring to the remarks of the Workers' representative that macroeconomic policy as the key to economic growth seemed to have been abandoned in this programme of work. Mr. Katz said that in fact a major concern of Employers was that the work programme repeated more than once the central assertion of two employment reports that labour market rigidities were not a central cause of rising unemployment. For example, paragraph 60.32 dealing with international consultation spoke of the constraints inhibiting the economic growth that led to employment generation. This recalled the views prior to the High-Level Meeting in 1987 which led to the meeting being shunned by finance ministers. The assertion that labour market rigidities were not the major cause of rising unemployment continued to go against the views of all the international organizations, the preponderant weight of the economists and the stated policies and collective wisdom of the political leaders in most countries. How could the Organization attain the reputation of a centre of excellence? How could the work programme of Chapter 60 possibly lead to a productive policy dialogue with the Bretton Woods institutions which both Employers and Workers had urged since the 1987 High-Level Meeting? There was nothing in the description of major programme 60 that the ILO's traditional trade union view of spending one's way out of unemployment was being abandoned. On the contrary, references to increasing employment in the document were repeatedly accompanied by some qualifier such as resulting from increasing growth. The Employers continued to believe that economic growth was a necessary but not sufficient condition to ensure employment creation, but in most areas of the world the employment problem was a structural problem.

171. Further, the chapter betrayed repeatedly the trade union bias (even when mentioning improvement of the labour market by not sacrificing employment security). Was it not clear that structural change would in many, if not most, cases lead to some job loss — whether it was because of the change in the labour market structures or product markets or privatization of bloated state enterprises? They recognized this at the High-Level Meeting of 1987. The task was to mitigate and minimize the pain. The longer adjustment was put off the greater the pain in terms of job and income losses.

172. But the chapter did not talk about the practical steps to ease adjustment where the ILO had a good deal to contribute to the actions of individual countries and the country programmes of the Bretton Woods institutions. Instead as in 60.2, paragraph 60.11, the implementation of core labour standards was stressed more than ever. He emphasized that he was not making an argument against the other

major objective of the ILO which Employers fervently espoused. He expressed concern that frequent references to labour standards and social justice in *this* context could be misused to insulate the incumbent workers from the forces of supply and demand and to disenfranchise the unemployed from the wage-bargaining system, a profoundly undemocratic result. As Mr. Sachs had pointed out in this Office — standards did not create jobs.

173. In this connection, too, he expressed concern about the frequent references to consensus building — for example, paragraph 60.16, Structural adjustment, employment and the role of the social partners. While public discourse, explanation and consultations might be helpful in smoothing the way to structural adjustment, it must be recognized that privileged groups rarely saw the merit of giving up their privileges, whether it were a high-paid job or an agricultural or industrial or coalmining subsidy. So at a certain point the ballot box must be the democratic way if the privileged or incumbents sought to impose their will either through tripartite mechanisms or street demonstrations. He did not mean to deny the possible benefit of ILO efforts on illuminating the possibilities of bringing about structural change in conditions of industrial peace; he would object if it became a rationale for go-slow policies which had been a traditional bias of this Office.

174. Referring to the Workers' representatives' expression of disappointment that the next *World Employment Report* would focus on skills training and employment, he too shared a scepticism that training was a panacea, but he urged that they read paragraph 60.8. There was a growing recognition that technological change and the demand for skills had a profound impact on wage dispersion and employment. In the United States this factor was recognized by most economists as far more important than so-called globalization. He was looking forward to an employment report on this subject, with the realization in advance that it would not contain the magic bullet. Only a broad and deep programme of structural reform such as the IMF, OECD and others had suggested would deal effectively with employment, but the forthcoming report might be more useful and less irritating than its predecessors and do more to establishing the ILO as a centre of excellence.

175. The Employers' representative referred to the Workers' representative who had expressed concern that the ILO was abandoning the ground on globalization, implying that it was an evil force. First he urged the Office not to put too much credence in this catch-phrase. Economists were increasingly pointing out that it evoked an incorrect or misleading impression. Surely trade and investment had increased considerably; communications and transportation had created what people called a global economy, but by far most investment, production, trade and consumption was still local, national or regional, as were policies and their effects for good or bad. And the employment problem was overwhelmingly a local or national issue. Thus he supported the programme on area-based enterprise development and employment as well as the one on the effects of the growth of regional blocs. He expressed concern with the details but not the concept.

176. He failed to see the distinction between "*de facto*" and "*de jure*" in paragraph 60.14. The GATT, the EU, NAFTA and MERCORSUR were all based

on trade rules of different complexities but the issue was not *de facto* or *de jure* but rather trade creating or trade diverting. If the latter, growth and employment created by a regional bloc was at the expense of other countries. But the issue was a complex one over which trade economists, with which the Office was not plentifully endowed, had argued endlessly.

177. Referring to paragraphs 60.30 and 60.31 and employment policy reviews, he heartily approved the intention to carry out some eight to ten country policy reviews, not to satisfy the formal requirements of the follow-up to the World Summit for Social Development but as the best means for distilling valuable, practical experience in the employment policy field as well as providing selected countries policy advice. But he repeated what he had said for some years in the Employment Committee and what Employers clearly urged him to keep on saying: this should not be exclusively a secretariat-to-country process but rather should involve the Governing Body in a tripartite examination patterned on the OECD and WTO. He would want to start it — as his Worker colleagues and he agreed — as employment policy reviews, but he repeated again that this review process could be broadened to include other social issues especially fundamental workers' rights.

178. Skipping over many interesting ideas he proceeded to discuss major programme 65, an enterprise which seems to bother the Workers' representative. He failed to understand the obvious resentment here of the fact that the ILO had finally recognized that jobs were created by enterprise. The successful enterprise would provide employment either directly or indirectly, not as a social obligation but as a by-product of its activity. Why then the animus against entrepreneurship, management development and small enterprise? Why the insistence on forcing social responsibility on enterprises? If this was done at the expense of efficiency and productivity, it would cost jobs. He heartily agreed with the Workers' member, if he understood him correctly, about involving NGOs in this matter. Many of them had a greater anti-business animus than he had heard from the Workers' benches. Enlightened trade unions had clearly recognized, as the President of the AFL-CIO had told the United States employers, that they had a stake in the productivity growth and competitiveness of business. The way to achieve that was not by imposing more and more regulations but by exploring ways in the Office and elsewhere of pursuing cooperative and not confrontational approaches.

179. Mr. Itoh, on behalf of the Worker members, said that the pain of structural adjustment was felt mainly by the workers who were most affected by the process of globalization and the process of structural adjustment. For that reason, governments and employers should pay more attention to the serious consequences for workers of the process of structural adjustment.

180. In spite of the central importance of major programme 60, the Worker members had serious difficulties from the lack of balance and inadequate coverage allotted to areas that ought to be of priority concern. This was particularly apparent in the programme's treatment of globalization. Although some recognition was given of the need for appropriate policy frameworks, the proposals did not fully address the international and macro-policy questions that ought to be at the heart of the ILO's analysis of the process of globalization. This

was particularly disappointing in view of the profile that the ILO had attained as a result of the World Social Summit. Had the Director-General backed away from the ambition he had articulated two years ago of "establishing the ILO as an institutional partner in international discussions on the improvement of the world social and economic situation", or becoming a leading participant in a new "coordinated international employment strategy"? There appeared to be grounds for believing that the ILO had become frightened by its move to centre stage, and now wished to retreat to the important but uncontroversial areas of labour information and training. That was reflected in the merger of the Employment and Training Departments and the internal redeployment of staff, which left fewer working on globalization and more working on labour information and training. To restore the balance of this programme, as well as to ensure the standing of the ILO on international policy questions, significant changes were necessary, and as a first move he recommended that the theme of training be dropped as the subject of the 1998 *World Employment Report*. This was not the most appropriate medium to discuss the employment and social dimensions of the process of globalization and in any case there would be little media interest attached to training. A more interesting topic might be foreign direct investment and employment as the next theme of the *World Employment Report*.

181. Turning to the proposals on globalization, the Worker members could support the focus on regional blocs, structural adjustment, and job mobility, but the focus on the employment and labour market aspects of regional blocs overlapped with current activities designed to generate policy guidelines for an alternative approach to regional integration. The proposals in this area should be harmonized with action programme 80 on regional integration. The Workers believed that research was the wrong weapon to address the important issue of social consensus in structural adjustment policies. By now, the ILO should already be equipped to move from research to advocacy, especially in view of the fact that the Director-General had referred two years ago to the "substantial experience" the ILO had had in this area. The Worker members therefore recommended the conversion of this research proposal into an action programme on tripartite participation in structural adjustment programmes.

182. Of greatest concern in the proposals on globalization was the inclusion of an action programme on globalization and area-based enterprise development and employment, which despite earlier objections raised by the Worker members in the November 1996 Governing Body session had not been modified. This action programme in consequence had nothing to do with globalization and everything to do with enterprise development. Three options appeared available: (1) rewrite the action programme so that it dealt with globalization and enterprise location, which would then complement the proposed activity on job creation; (2) delete the action programme; or (3) move it to major programme 65 where, in its current formulation, it properly belonged. The Workers supported the action programme on labour market information, despite its not having been among the priorities identified by the Governing Body last November. It was not clear, however, whether the proposed work on labour market indicators, as outlined in paragraph 60.23, would develop actual statistics or a methodology.

183. The Worker members expressed support for the proposed research on labour market flexibility and job security, on the transition economies, and on economic development and core labour standards. The latter came as a direct consequence of the Working Party on the Social Dimensions of the Liberalization of International Trade, but the provision of specific resources for this research raised the question of how other proposals generated by the Working Party's activities would be paid for. The Workers also supported the continuation of the country employment policy reviews and, in view of the controversy that the modalities of these reviews had generated in the November 1996 Governing Body session, it was important that the original basis on which they had been launched be respected. The ILO would be able to draw upon the successes and failures of the first country reviews in the next biennium. These reviews were the national level follow-up of the World Social Summit, and it was important also to emphasize the Summit's international objective of strengthening the ILO's interaction with other international organizations, such as the Bretton Woods institutions and the WTO.

184. The Worker members had no objections to the subprogramme on training except for its size. Its uncontroversial nature was precisely the reason it should not be the theme of the next *World Employment Report*. To maintain balance within the major programme, one of the two action programmes in the training subprogramme should be deleted and the Workers' group's preference was to retain that on tripartite participation and social dialogue on training.

185. Migration activities were a high priority for the Workers and there should be an increase in the resources for this programme rather than the proposed slight decrease. April's expert meeting on migration would give useful guidance to the next biennium's proposed work in this area, and one item of particular importance would be how the ILO could address cases of persistent maltreatment of migrant workers in situations falling outside the scope of the supervisory system. This issue should be at the centre of the action programme on "New approaches to preventing mistreatment of and discrimination against migrant workers", and would be an appropriate response to the 1992 Conference resolution which had called upon the Director-General to present to the Governing Body a report on the conditions of migrant workers where these were not in conformity with the principles of relevant ILO standards. Finally, Mr. Itoh expressed the Worker members' support for the activities proposed in the area of vocational rehabilitation, especially the emphasis on job retention and disability management. The 1995 code of practice on addressing problems relating to drug and alcohol abuse was a valuable tool which should be vigorously promoted.

186. The representative of the Government of Japan, referring to major programme 50 (International labour standards and human rights), considered the supervisory mechanism to be a very important element in the promotion of basic rights but, at the same time, it was also closely connected with and affected directly the internal workings of each member State. Thus, the procedures associated with this mechanism needed to be followed strictly according to the rules while also providing transparency in their application vis-à-vis the external world. However, the lack of harmony in the way they were applied and in their interpretation prevented the provision of this required transparency to ILO

constituents and this situation should be rectified by clarifying the procedures and their interpretation to enable reinforcement of the existing supervisory mechanism. One means of achieving this would be to compile a booklet, destined for constituents, containing their most commonly asked questions accompanied by suitable responses. A second element in the promotion of basic labour rights which was just as important as the supervisory mechanism was the technical advice given to member countries. The role of MDTs in this area had been discussed during the LILS Committee meeting in November 1996 and at that time only one of the three MDTs in Asia included an expert on labour standards. All three groups had expressed the desire that more be appointed and he wished to know whether more specialists had since been appointed to the Asian teams and, if not, what was the reason for this and what were the possibilities of now appointing them?

187. The representative of the Government of Germany said he would primarily concentrate his remarks on major programme 50 because it was one of the most important. He could not, simply because of the lack of supplementary resources, support the Workers' conclusion that more resources should be allocated to the programme or their proposal that resources should be transferred to it from other programmes. He also shared the doubts expressed by the representative of the Government of France concerning programme 50.4 in which forced labour and discrimination were grouped together, because of the discussions which would take place the following week in the LILS Committee. He rejected the claims often heard in the ILO that migrant workers were forced labour and that they were discriminated against. Repetition of such claims did not make them true. The subject of migrant workers was dealt with very well and adequately in programme 60.4, where it rightly belonged, and he wished to have the reference to migrant workers deleted from programme 50.4. He had similar doubts about the reference to workers with family responsibilities in programme 50.4 and it was not right in this programme to refer to all categories concerned by Conventions on discrimination. While the link between discrimination and forced labour was understandable in the context of discussions in the LILS Committee, only categories concerned by the core Conventions Nos. 100 and 111, and not those concerned by Convention No. 156 and others, should be treated by the programme.

188. He had some difficulty in understanding the difference between the objections to major programme 60 expressed by the Employer member Mr. Katz and the Worker member Mr. Itoh. As he could not identify any concrete alternatives in their statements he concluded that if both of the principal antagonists were against the proposals they could not be all bad, and he hoped that a consensus solution might be reached by retaining what was proposed by the Office. In this context he expressed appreciation for the ILO's contribution to the recent meeting of the United Nations Commission for Social Development. Although he himself had not been able to attend this meeting he had read an ILO document presented to the Commission; it was of excellent quality and demonstrated that the ILO was the leading authority in the UN system on such topics. Referring back to the issue of migrant workers, paragraph 60.48 of the text said that many migrant workers often took irregular or temporary jobs abroad which resulted in serious problems of exploitation and lack of protection. This

might apply to those who took irregular work but he pointed out that migrant work, by its very nature, was limited in time. Did the risks of exploitation and lack of security automatically apply to a migrant worker who planned to spend five to ten years abroad before returning home? He thought the wording needed to be reconsidered and modified.

189. Moving on to major programme 65, he congratulated the Office for including very important programmes concerning the social dimension of enterprise financing and the action programme on social investments, which deserved the highest priority. Major programme 90 (Working conditions and environment) was a very important programme which included technical and medical protection and also child labour. The IMEC group had requested additional information in order to achieve greater transparency. Child labour was quite rightly incorporated in this major programme but it was also mentioned in other major programmes: 60, 120, 125, 145, 225, 230, 250, 260 and 270. These references were all justified because child labour fitted into these major programmes but the PFAC should have a consolidated view of this subject even if it were only a succinct presentation by major programme of the resources and personnel involved. A summary under major programme 90 would have helped members' understanding of the extent of these activities.

190. It was gratifying to see a budget increase of 50 per cent proposed for major programme 140 (Equality for women). In major programme 145 (Interdepartmental activities) he agreed that the proposed ILO Social Forum should go ahead despite the views of the Worker members. While regretting that many ministers did not deem it necessary to attend the International Labour Conferences as they were currently organized, he supported the proposed forum which would achieve the desired aim of making the Organization more well known.

191. Mr. Trotman, a Worker member, commenting on remarks by the previous speaker, said that persons from Third World countries were often made to feel very marginalized on entering Europe. Sometimes, even workers whose families had lived and worked in a country for three generations felt like immigrant workers, and he suggested that it might be beneficial for First World countries to reassess their policies on migrant workers and the treatment they received. The trade union movement both supported NGOs and worked with them but it did not appreciate governments giving them a more elevated status than trade unions, especially when they were not related to democratic institutions. In addressing major programme 65, he recalled that Mr. Chotard had stressed that the third stage of negotiations on the budget had been reached, and the debate now should be restricted to the reordering of priorities because the dollar amount of the future budget would be determined during the Conference in June. Mr. Blondel had warned that Mr. Chotard's suggestion was hard to follow from the Workers' perspective because the precepts that gave rise to the ILO in 1919 and the Declaration of Philadelphia in 1944 were being increasingly sacrificed to those who no longer shared the tenets of the advancement of peace, equality and social justice.

192. The policies and programmes to create jobs, alleviate poverty and to combat social exclusion were excellent but by themselves could neither constitute

the full ILO mandate nor utilize all its resources. The language of the 1998-99 budget proposals conveyed the impression that a new experiment was under way directed towards trade union marginalization. The Workers had maintained that the ILO's primary objective was not and could not be to make enterprises more efficient, numerous or profitable; rather it was to ensure that enterprises respected ILO principles, values and standards, and contributed to the attainment of ILO objectives, including job creation. Satisfied that the Office had accepted this view in November 1996, the Worker members had supported the Director-General's intention to create a new branch within the Enterprise Department to improve, expand, and incorporate the social role of enterprises into the understanding of multinationals. This idea had since been dropped without reason, which the Workers saw as part of the marginalization pattern, and they wanted to see this proposal reinstated.

193. The Worker members further felt that their comments concerning the allocations of regular and extra-budgetary resources during the general debate had led to the impression that organized labour was not interested in the unemployed or the informal sector; this could not be further from the truth as all trade unions abhorred unemployment and continually strived against it. The setting-up of worker opportunity funds, employee share-ownership programmes, concessionary bargaining and national protocols, in both the bipartite and tripartite spheres, were examples of organized labour's interest in the concerns of the informal sector and in the creation of jobs. He suggested a realignment of certain planned action programmes and felt that the approach to much of the informal sector was too patronizing, superficial and self-serving. He would fail in his responsibilities to both the ICFTU and to his region of the Caribbean if he did not warn that driving an entire community out of productive employment, such as banana growers, and encouraging it to seek jobs in the informal sector made neither economic nor civic sense. This would only result in large numbers of persons engaged in selling similar items which would in turn lead to the cultivation of an underground economy with all its inherent difficulties. Worker members were willing to play their role but insisted that the focus be on productive employment, which meant that the programme on the socially responsible enterprise should be moved from major programme 90 to 65, and major programme 90 rather than 65 should be responsible for the programme on small and medium enterprise development for employment and productivity improvement, competitiveness and quality jobs in developing countries. The Worker members supported the objectives of major programme 65 of developing viable, self-reliant, independent, democratic and socially responsible cooperative enterprises. Finally, he voiced the Workers' strong preference for the hotel and tourism subprogramme in the Enterprise Department to be transferred to Sectoral Activities where it rightly belonged.

194. Mr. Kikongi Di Mwinsa, a Worker member, expressed his astonishment at hearing, earlier in the debate, that "the core Conventions had been boxed up" where they could only suffocate, while others languished while waiting for countries to ratify them. He agreed with the statement of his colleague that the Workers stressed the importance of all ILO Conventions and not, as reflected in the programme and budget proposals, just the core Conventions to the detriment of others. The core Conventions were important because they were the foundation on which the others were built. He expressed concern about the

reorganization of the department, which would perhaps not have been mentioned in the proposals if it only involved the redistribution of work. This was not the Governing Body's affair so it appeared to represent the first step in regrouping the responsibility for fundamental rights at the risk of neglecting the other Conventions. In an era where unbridled liberalization and deregulation prevailed, workers attached particular importance to Conventions such as those referring to occupational safety and health, work-related accidents, social security and minimum wages. They should constitute an interrelated whole and not be seen as two categories in which the core Conventions were regarded as the noble ones and the others as second-class.

195. With respect to the application of standards, the PFAC could not ignore the discussions which were to take place the following week in the LILS Committee which would consider a number of complaints in conformity with article 24 of the Constitution. However, given the worrying situation of deteriorating working conditions on the African continent, 27 complaints in six years was not a high figure. All members knew the influence the IMF exerted on the revision of Labour Codes, above all in Africa, to the detriment of workers. The Worker members were particularly troubled by the contents of paragraph 12 concerning the recommendations of the ILO aimed at facilitating adjustments to national law and practice in the context of globalization, because the ILO's role was to defend and protect workers in an era of uncontrolled liberalization. They appreciated the need for reliable data on databases such as ILOLEX and NATLEX which could be of great help to workers. Paragraph 50.28 indicated that ILOLEX contained reports of the supervisory bodies but unfortunately they only appeared in shortened form.

196. Turning to major programme 75 (Turin Centre), the Workers supported the proposed programme which reflected the progress made in the financial circumstances of the Centre. The Centre had lowered its dependence on direct ILO and Italian Government contributions from 88 per cent to 33 per cent for the next biennium so the ILO's proposed contribution of US$5 million was a solid investment in the Turin Centre's future. However, the Workers wondered whether the Centre's activities continued to correspond to the principles and priorities of the ILO, and they hoped that the Centre's dependence on external funding would not distance it from its main mission. There was some reassurance in paragraph 75.4 where it was stated that the Centre would increase the volume of its activities by diversifying its training initiatives with new partners while continuing to expand its programme in areas of the ILO's core mandate. The Workers thought that a strategy based on the creation of new training products, the development of the Turin Centre's capacity to supply training activities and an improvement in its communication and marketing strategies as adopted by the Centre for its second development plan for the period 1996-2000, was the best possible one. A main element of these objectives had to be the development of new educational methodologies and technologies, as was stated in paragraph 75.19. Thus it was hoped that, in the execution of the programme to reinforce trade unions' capacities, emphasis would be placed on the areas of professional relations and reinforcement of tripartism; this should involve intensive training of trade union leaders to improve their collective bargaining techniques and business and financial skills. As well, the Worker members

supported the Centre's initiative, in close collaboration with major programme 140, to strengthen its training programme for women such that they would be equipped to participate fully in development activities. To a great extent, the success of the Centre would depend on its capacity to become a model institution in the areas of methodologies and educational techniques. The Worker members attached great importance to an improved collaboration between the technical departments of the ILO and the Turin Centre which was a valuable tool to all ILO offices. However, for this to be effective, the ILO needed a policy whereby all technical departments cooperated systematically with the Turin Centre.

197. The Centre's emphasis on training programmes related to international labour standards and women's participation in development activities was especially pleasing to the Worker members. The first was of particular interest as it aimed to help constituents fully play their role in the application of standards. It was also of interest to note that resources for small enterprise development were presented under the same section as employer activities in paragraph 75.12. The Workers' interest in workers' education did not lessen their desire to have trade unionists participate in the Centre's other activities and for this reason he welcomed the assurance given in paragraph 75.17 that efforts would be made to increase the participation of tripartite constituents in training programmes in the management of development cooperation. In conclusion, he noted with satisfaction that the United Nations Staff College project was self-financed and trusted that the same was true of other United Nations training programmes.

198. Mr. Thusing, an Employer member, said major programme 80 was especially necessary for countries in transition to democracy which had to adjust their labour legislation, as well as for developing countries. Adjustment, however, should not mean more legislation but rather adaptation to economic realities. With respect to industrial relations, the decentralization of collective bargaining was described by the Office as a threat to the role of unions, which in his view did not reflect the situation correctly. The representation function of unions did not depend on whether bargaining was centralized or not; it depended on whether the unions had received a mandate from their members to negotiate on their behalf. The philosophy espoused in the Office document appeared to discourage relations on an individual level between employers and workers, which was strange as industrial relations were based primarily on these very relationships. Thus it was not clear whether the text contained a proper understanding of what collective bargaining really was. As well, the action programme suggested a cooperative approach to collective bargaining which appeared to be somewhat unrealistic. Collective bargaining consisted of negotiations between two parties and could be collaborative or adversarial at the same time because the two parties had both similar and differing objectives. The proposal to have specialized training on cooperative collective bargaining techniques appeared to overestimate the importance of technical training for bargaining. It was much more important to reinforce employers' and workers' organizations, especially in countries in transition and in developing countries, and the right programmes to do that would be major programmes 225, ACT/EMP, and 230, ACT/TRAV, which fitted better with tripartism. In this connection he regretted that ACT/EMP received only a third part of the funds made available for ACT/TRAV. He regarded this as a misinterpretation of the principle of tripartism.

199. In paragraph 23, it was implied that industrial relations could contribute to regional economic integration and that the observance of certain minimum standards could "take labour out of competition". In this context reference was made to the European Union, MERCOSUR and NAFTA. It was not evident what these references had to do with the ILO. The ILO, which had nothing to contribute in this domain, should refrain from trying to do so as any attempt could only result in wasted time and energy.

200. Speaking of the European Union, he referred to research on worker representation in multinational enterprises. It was difficult to understand the objective of this research. It was a fact that in multinational enterprises certain decisions taken at a high level could adversely affect employees in its subsidiaries but this was not a problem peculiar to multinationals only. It was more a structural problem which could also occur in a group of firms in a single country. In both cases, the procedures for compensation for social consequences to workers would differ from one country to another, in accordance with national law. If the Office wished to do research in multinational enterprises this should be done in major programme 85 in an open manner instead of using this research topic as a means of alluding to European directives and work councils. Was this study proposed as a means of counselling those who had already used these practices? If so, they would not need advice as they already had legislation, and neither would those not engaged in these practices. The ILO should remain within its mandate and not get involved in the work of other institutions such as the European Union.

201. The representative of the Government of the United Kingdom endorsed the statements that had been made by the spokesperson for IMEC and the representative of the Government of France during the general discussion the previous day about the need for additional clarification of the proposals. There were three points in relation to major programmes 60 and 125. Firstly, while recognizing the need for technical cooperation it was important to ensure maximum coherence and efficiency in the use of these resources. She wondered whether the Organization had an overall technical cooperation focal point as there appeared to be considerable overlap among the programmes. For example, the 27 million US dollars that had been allocated under programme 60 would need to be integrated with programmes 125 and 245 yet there was no indication of how this would be done. It would be useful to know how much of the technical cooperation resources under these three programmes would be delivered through the MDTs.

202. Secondly, she supported the Turin Centre's activities under major programme 75 as well as the growing resources dedicated to UN systems training. She wondered whether Turin might develop a more formal relationship with the wider United Nations system.

203. Finally, while expressing strong support for major programme 90, the speaker requested clarification about the allocation of regular budget posts for child labour resources between the action programme and the IPEC programme.

204. In conclusion, her Government endorsed the recommendations that had been made by the delegate of the Government of France about the need for improving the overall clarity and coherence of the programmes.

205. Mr. Parrot, on behalf of the Worker members, recalled that the restructuring and strengthening of major programme 80 was a high priority and was fully compatible with the Organization's mandate. Workers strongly supported the main objectives of strengthening social dialogue, tripartism and collective labour relations. The ILO had a constitutional obligation to assist member States in labour legislation and this programme would need to cope with recent radical social and economic changes in order to effectively assist MDTs. Advice on draft legislation should be available to workers' and employers' organizations as well as governments. International labour standards should be emphasized more in paragraph 80.7 as they were fundamental to the mandate of the ILO. The Director-General's introduction and paragraph 80.8 referred to consultations with "workers and their organizations" on labour law issues. The Worker members strongly objected to this formulation which was particularly inappropriate in this context. Concerning paragraph 80.9 and relations with the World Bank, while any dialogue which would result in a more favourable social stance was desirable, the ILO should assert its own competence and not permit any encroachment of its mandate in the field of labour legislation.

206. Innovation and the strengthening of activities in the industrial relations programme were most welcome. With reference to paragraph 80.21, the cooperative approaches to collective bargaining should be less training-oriented. Work on industrial relations and regional economic integration would need to be related to other work undertaken in major programme 60. In response to the statement by the Employers, Mr. Parrot stated that in supporting this programme the Workers were supporting the promotion and encouragement of collective bargaining. While all proposed research activity was welcomed, priority should be given to the study of worker representation in multinational enterprises and paragraph 80.18 might be expanded into an action programme. Clarification of paragraph 80.20 about the tripartite meeting of EPZs would be useful as well.

207. The Workers agreed with the proposals set out in 80.4 in their entirety. Standards and the relevant Conventions Nos. 81, 150 and 129 should underpin almost all labour administration activities and action programmes. They also trusted that the necessary support for labour inspection and child labour would be provided under major programme 90. In reference to paragraph 80.37, about the re-examination of the role of public labour administration, a revised Convention No. 96 on private employment agencies would be adopted within the next year. Consideration should also be given to this new Convention as well as the Employment Service Convention, 1948 (No. 88).

208. The representative of the Government of Egypt expressed support for major programme 50 as standards and human rights were essential to achieving social justice. The Office should help constituents to create a climate that would be conducive to promoting standards. From the average worldwide unemployment rate of 30 per cent it was clear that major programme 60 was important to all ILO constituents. As well, considering the importance of this programme and that the World Summit for Social Development had recognized that the ILO had a key role to play in addressing unemployment, existing financial resources were not commensurate with the importance of these activities. Given the rise in unemployment and the decline in public resources, major programme 65 also

deserved more financing since job creation in both the formal and informal sectors was critical. The health and safety issues in major programme 90, particularly the concept of a "safety culture" were a high priority and all training materials should be translated into Arabic to ensure they were available throughout the Arab member States. She welcomed the child labour and IPEC activities, as well as other efforts towards improving the status of working women, unemployed youths, and other marginalized groups, particularly those employed in the urban informal sector. She regretted that total funding had decreased for programmes 60 and 125, in spite of their importance to technical cooperation activities. Similarly, the funding for the follow-up to the Beijing Conference on Women, major programme 140, also appeared to be too low in the light of the ILO's mandate to ensure equal opportunity and treatment in the workplace.

209. The representative of the Government of China added his support for the activities proposed in major programme 60 but was disturbed by the extent of resource reductions. Employment generation was also a problem in developing countries and activities in this field should be expanded. Referring to paragraph 60.27, employment in transition economies was critically important as many public enterprises had difficulty adapting to market-oriented environments. Developing countries had some problems about training: how to integrate training with employment so as to enhance employment promotion, and how to address rural poverty, unemployment, and underemployment. He expressed overall support for major programme 75 because vocational training was a critical factor in employment generation, particularly in developing countries. Major programme 80 was important to the promotion of standards. Many developing countries and transition economies were adjusting labour legislation and would welcome the strengthening of technical advisory services. Employment services were necessary to promote employment for disadvantaged groups and should be strengthened to provide the information, experience and technical assistance that was required by constituents in developing countries. He expressed strong support for major programme 90 and suggested an increase in technical resources dedicated to safety and health. These issues were of primary concern and a problem in many small and medium enterprises. He also supported major programme 110, because social security protection and reforms were directly relevant to all types of economies and countries. Referring to major programme 130, he suggested that theoretical research should be more closely linked with major ILO programmes, and the Institute should cooperate more closely with advanced national research institutions in order to provide technical and methodological assistance to other member States. Under major programme 140 he emphasized the need to develop more and better jobs for women as described in paragraph 140.5.

210. Mr. Sibanda, speaking for the Workers, stated that major programme 90 was of major importance. Workers appreciated the way the proposals had been presented but were concerned that the departmental restructuring which had eliminated the former safety and health branch might have a negative impact on the level of activities under this programme. He wondered whether the overall reduction in costs of 4 per cent was a result of increased administrative efficiencies or if it could be considered a real reduction of health and safety activities. The Workers appreciated the way that the proposals linked technical cooperation to existing standards and recognized the need to develop new

standards beyond the current two-year time-frame. They strongly supported the substantial increase in child labour resources for technical cooperation and emphasized that this increase should be supported by ILO technical work to provide the appropriate policy framework as stated in paragraph 90.8. Work on the social and economic effects of child labour should be undertaken in conjunction with studies on the economic implications of activities against child labour. A period of five days would be more appropriate for the meeting on labour inspection and child labour, and in paragraphs 90.11 and 90.12 the Workers were concerned to see the promotion of worldwide as well as national efforts against child labour.

211. Although environmental issues had received less attention and there appeared to be no concrete proposals to follow-up on the United Nations Summit on the Environment, the ILO had a responsibility to integrate environmental concerns into all activities. He expressed the Workers' support for occupational health and safety programme activities and the emphasis that had been placed on the need for the development of standards and tripartite cooperation. They welcomed the approach towards technical cooperation and advisory services as this would provide practical and timely material. The proposal to publish the fundamental principles of health and safety was a positive development as was the action programme on safety culture. Both served to reassert the ILO's core competence in standards development and its tripartite role in this field. The Workers supported the work on Convention No. 170 (1990) on chemicals, but would like further clarification about its relation to the action programme of this biennium. They also expressed support for genetic monitoring, but noted that its use was limited to the identification of toxins in the working environment and to measurement of an individual's exposure to dangerous material. The *Encyclopedia of Health and Safety* was a significant investment which should be translated into as many languages as possible to ensure its optimal use as reference and training material. The Workers supported the promotion of standards and activities set out in paragraph 90.39 on night work, part-time work, home work, workers' privacy, workplace violence and working time. The action programme on the social initiative by enterprises did not belong here, but under major programme 65, and it would be preferable to use the original title "Social responsibilities of enterprises".

212. Mr. Varela, speaking on behalf of the Employer members, stated that the activities described in major programme 110 were very relevant as many governments were currently being forced to provide financial support to national social security schemes at the expense of other economic priorities. The Director-General had called for the ILO to be a centre of excellence and this was not the case in this field. The Employers considered that the increase of the proposed resources was unjustified. On the other hand, social security standards were outdated and required revision. Paragraphs 110.6 and 110.7 contained references to alternative pensions schemes and available options which were in fact euphemisms for private pension schemes. Given that private schemes had provided a positive solution to the breakdown of national schemes, particularly in Latin America, studies in paragraph 110.12 should include these plans and their effect on the overall economy and employment levels.

213. The representative of the Government of Canada associated herself with the earlier comments of the Governments of the United Kingdom and France about the need to synthesize technical cooperation funding to ensure that money flowed to programme activities, and that administrative efficiencies were encouraged by streamlining management, avoiding duplication of activities and subprogrammes, and reducing travel expenses. She supported the IMEC group's proposal for an overview of technical cooperation throughout the major programmes discussed under sections B and C. It was gratifying to see the funding increase in major programme 140 and it would be preferable to see gender issues integrated in all major programmes if fundamental change was to be achieved. Further information about the implementation of this integration was required.

214. Mr. Mayaki, speaking for the Workers, supported the underlying principles of major programme 125 and noted that its objectives were not lacking in ambition. The Workers were concerned that the Organization might be establishing its own development policies in paragraphs 125.1 and 125.4 and he wondered whether there were any other changes in agenda or policy. There appeared to be a lack of clarity regarding the sharing of responsibilities between major programmes 125 and 60, particularly in relation to national employment strategies and employment polices. The Office should also maintain a coherent and unified approach towards the informal sector, and further clarification of paragraph 125.29 was required. Urban sector initiatives such as Habitat II were positive, but adequate attention needed to be given to the rural sector where the majority of workers lived. Activities related to Convention No. 141 on rural workers should be extended. Two main activities of this programme concerned organization of marginalized groups and the application of standards. Workers supported these efforts and the technical cooperation initiatives which would increase trade union participation in the informal sector as provided for in major programme 230. Referring to paragraphs 125.18 and 125.2, the deliberate introduction of non-organized groups into the negotiating process was somewhat confusing as workers' interests were best represented by recognized trade unions. Home work activities should be pursued with a view towards the ratification of the recent Convention on this matter. The action programme related to the problem of unemployed youth was to be supported even if presented in a somewhat general fashion. The Workers' group wished to see greater focus on the needs of countries emerging from armed conflict.

215. Mr. Anand, on behalf of the Employer members, commenting on major programme 130, International Institute for Labour Studies, said that the proposed research into labour and society and the difficulties which followed structural adjustment should recognize that not only workers but a larger segment of society was affected. Indeed, the whole of society had to be concerned with the efficient working of the socio-economic system, but state resources were becoming scarce and the future was somewhat dismal because societies which had become leisure-oriented were now once again facing the need for restructuring, having disproportionately utilized the public goods over the past seven decades.

216. A durable, sustainable and flexible balance of activities was sought by all the social partners. This was reflected in the proposed activities of the Institute

and as well in the aims of the Enterprise Department. Socially responsible enterprises implied socially responsible trade unions, and the social partners would realize that their combined support was necessary for the Institute to carry out its research activities to anticipate, foresee and indicate possible solutions in response to the demands of globalization. It was gratifying to see that the Institute continued to play a prominent role in the affairs at the ILO, and this reflected its position as a link between the Organization, the academic community, the UN system and public opinion. The Employers were concerned that the Institute had been somewhat downgraded through enforced withdrawal of independent academics from the Board membership. At the November 1996 Board meeting the members had been assured "that means would be found to restore the academic input formerly provided by the independent members of the Board", and the ILO should now honour this promise. A welcome feature of the Institute's programme of work was the inclusion of internships and lecture series, also the proposals to deal with issues such as "Business and society", "Social cohesion", and "Trade unions and society". The Employers would like the Office to restore the cut of US$100,000 in the ILO's contribution to the Board of the Institute because it would be solid evidence of appreciation and support for the activities of the Institute and rehabilitate the reputation of the ILO in the eyes of academics around the world. This should be done as early as feasible.

217. Mr. Khurshid Ahmed, supported previous comments by Worker members concerning the priorities fixed by the Organization for the twenty-first century, particularly the promotion of democracy and employment, the alleviation of poverty and improvement of working conditions. He also strongly endorsed the strategic facility, the outreach facility and the support facility provided to the Organization by the Institute, and agreed that the US$100,000 cut in the contribution from the ILO should be restored. To dispel the belief that the Institute was underutilizing its resources and to ensure that its work would be coordinated with other action programmes, the Worker members supported the development of more tripartite influence in the affairs of the Institute. ILO constituents should take more advantage of Institute activities and translate for their own use the important research papers presented in various Institute meetings. With regard to trade union and enterprise activities to promote poverty alleviation and raise productivity, the Workers agreed that these goals could only be reached through proper training of both workers and management. However, in developing countries poor workers and their families were exposed to severe living conditions without the benefits afforded to richer segments of society such as education and medical care available under free market conditions. The ILO should strive to improve conditions in all levels of society, especially in the rural sector, in the informal sector, and it should make special efforts to improve the situation of working women.

218. The representative of the Government of the United States expressed particular support for the activities concerning child labour under major programme 90 (Working conditions and environment) and the Office's consistent policy and action programme in this area. It would be useful to have information about the mechanics developed for interdepartmental collaboration on this issue which could perhaps serve as a model for other action programmes. The proposals appeared to contain a certain amount of overlap between major

programmes; for example major programmes 60 (Employment and training) and 240 regarding cooperation with the Bretton Woods institutions; 60 and major programme 125 (Development policies) concerning youth unemployment; 60 and 100 (Sectoral activities) on productive employment and public works; and finally the references to improving women's employment, under major programme 140 (Equality for women) and various other technical programmes. Terms such as "job creation", "poverty alleviation" and "the Social Summit" appeared to be used rather loosely and should be defined more precisely for the purposes of discussion. It would be helpful also to have clarification on the technical advisory or technical cooperation activities contained in these programme proposals in order to understand how they related to the work of the MDTs. The distinction was not obvious from the document and there was a risk of duplication of effort and loss of resources that might be better used elsewhere. It would be useful to have some explanation of how activities concerning population and reproductive health education programmes (paragraph 125.33) and genetic screening (paragraph 90.25) could be regarded as falling within the ILO's mandate. Information would also be welcome about the purpose of the international database and specialized technical documentation, and on how the proposed new research on irregular migration and employment would add to the extensive work already carried out. This group of programmes also seemed to have a strikingly high ratio of general service to Professional staff. She expressed agreement with previous speakers who had commended the work of the Turin Centre including its contribution to the development of the UN staff college.

219. The representative of the Government of the Republic of Korea remarked that a certain amount of overlap existed between some programmes. Looking at major programme 145 (Interdepartmental activities), there were similar activities in major programme 50 (International labour standards and human rights). The ILO Social Forum could be included under international labour standards and human rights because the objectives in both were similar. There were similarities also between enhancing the usefulness of ILO databases to constituents, a sub-item of interdepartmental activities, and the legal information services for the supervisory system, a sub-item of international labour standards and human rights. Major programme 80 had received considerable support from many members the previous day. The budget of programme 80 (Industrial relations and labour administration) was increased by 9.2 per cent compared with the current biennium, a reasonable increase as industrial relations had proved very important in enhancing both the workers' quality of life and the competitiveness of enterprises. The successful implementation of this programme required an awareness by ILO staff of the cultural and political aspects in the country concerned as well as awareness of its labour administration and industrial relations situation.

220. The representative of the Government of Turkey raised two points relating to paragraph 60.4 on migration for employment. It was a remarkable initiative for the Office to carry out a new activity on the persistent maltreatment of migrant workers in cases where such situations did not give rise to representations or complaints under articles 24 and 26 of the Constitution, or in countries that had not yet ratified the relevant ILO standards. He was pleased that the Office had placed this subject on the agenda of the forthcoming tripartite

meeting of experts on future ILO activities in the field of migration. He fully supported the intention of the Office to prepare a policy report that could be submitted to another meeting of experts during the following biennium concerning the growing difficulties of successfully integrating established migrant populations into the labour market. There was still a great need for the ILO to work on these new aspects of migration, as this was one of the rare subject areas where the ILO assisted both developed and developing countries — those of emigration and immigration — through technical advisory activities.

221. Mr. Tabani, speaking on behalf of the Employer members, referred to the main priorities of enterprises, which were investment and profitability. These in turn led to more employment, which was the social contribution of enterprises. The ILO's Enterprise Department is concerned with development of entrepreneurial skills based on ILO principles. The social responsibilities of the enterprise should be limited to ILO principles. Expectations in this regard should not be raised unduly, forcing enterprises to move away from their normal functioning. The natural link between the ILO and enterprises in the context of the market economy is through employers' organizations, which liaise with the ILO Bureau for Employers' Activities. In major programme 225 the allocations had been static for the last several biennia due to constraints imposed by the zero-growth policy. However, this did not reflect the relative priority that this major programme ought to receive, even in a zero-growth budget, as a major part of this programme involved the strengthening of employer organizations in developing countries and in countries in transition. This programme was the smallest in the entire budget in terms of professional staff resources, with only a third of the resources of the major programme for workers' activities. The Employers were not questioning the size of major programme 230, which was justified given the nature of the activities required for the workers' organizations. The present ratio, however, did not reflect current needs or realities, and during the preliminary discussions on this budget in March 1996 and again in November last year, the Chairman of the Employers' group had made detailed submissions on the need to increase the allocation to major programme 225. The reason was obvious: with the end of the cold war there was a greater number of countries in all regions that the programme had to service, as well as changes in the role and activities of employer organizations. Based on the changing needs of enterprises, employer organizations had increased the range and quality of services offered in fields as diverse as child labour, occupational safety and health, productivity, gender issues and a wide range of subjects beyond the traditional industrial relations functions. In response the major programme had succeeded in attracting extra-budgetary resources, but staff resources had not kept pace with that increase.

222. It would be interesting to know how regional resources were used for employers' activities, particularly resources spent on strengthening employer organizations as opposed to what was spent on involving them in other activities. All regional departments should increase their share of RBTC spent on strengthening employers' organizations, with respect to both field projects and their respective Turin Centre allocations. The Employers felt very strongly about the resources allocated to this programme and hoped to see increases in the Director-General's revised proposals next week.

223. A representative of the Arab Labour Organization (ALO) stated that his group attached great importance to major programme 80 in the belief that dialogue between the social partners, healthy labour relations, and the existence of an active labour administration were prerequisites for social progress. His group looked forward to seeing an expansion of the activities of major programme 80 in the Arab countries through the work of the multidisciplinary teams, along with cooperation with experts at headquarters in Geneva. Cooperation between the Arab Labour Organization and the ILO was of a practical nature and oriented towards field cooperation. The ALO had implemented the very successful Regional Arab Programme for Labour Administration (RAPLA), financed by the ILO and the ALO. The recent Arab Labour Conference in Cairo believed that this programme had proved worthwhile and he wanted to convey this message to the Governing Body so that RAPLA could get the support it deserved. The Arab countries were concerned about the use of the Arabic language in the reports and publications of the ILO as well as in its activities in the next biennium. More than 20 member States, constituting more than 12 per cent of the membership of the ILO, had Arabic as their official language. The Enterprise Forum held last November, as well as a number of sectoral meetings in Geneva, used all the ILO working languages except Arabic. He asked the ILO to implement the resolution adopted in 1979 requiring the Office to use the Arabic language commensurate with its importance as the official language of a number of member States of the ILO.

224. The representative of the Government of Hungary expressed his appreciation for the efforts of the Office concerning the major technical programmes on international labour standards and human rights, employment and training, and industrial relations and labour administration. The renewal of the standard-setting activity of the ILO was a key step in promoting democracy throughout the world, and he strongly supported the major programme on international labour standards and human rights. Major programme 60 (Employment and training) had particular importance for countries undergoing the transition to a market economy and experiencing high rates of unemployment, and he particularly supported subprogramme 60.27 on labour market policies for transition economies. He expressed general support also for subprogrammes 60.3 (Training policies and systems) and 60.46 and 60.47 (Innovative approaches and methods for flexible training delivery), and looked forward to the implementation of major programme 80 and the result of research carried out on cooperative approaches to collective bargaining practices.

225. The representative of the Government of the Islamic Republic of Iran observed that the rights of migrant workers were referred to in one of the nine principles of the original Constitution of the ILO. Since then, there had been repeated emphasis and attention to this issue with a number of ILO resolutions to that effect, and he supported the reference in paragraph 50.20 of the proposals. The discussions on child labour had introduced a north-south dimension to the recent debates which would be aggravated if the principles and standards on migrant workers were undermined. The principles of freedom of association and non-discrimination applied to migrant workers as much as anyone else. He was concerned that budget reductions in major programmes on employment and

training policies could affect technical cooperation programmes, and the Office should be careful to ensure that resources were maintained for these activities.

226. Mr. Gray, for the Worker members, was pleased to see that social security was one programme which had been allocated increased resources. The Director-General evidently wanted to give the ILO a higher profile in the field of social security and the Workers would support him in this effort, especially in view of the prominent role that the Office should take in the international debate on the future of social security. The Workers were concerned about the erosion of social security provisions in many countries, and the challenge for the ILO now was to develop and deliver its specific perspective and vision of social security. This process had begun in 1993 with the debate on the Director-General's Report to the Conference, which gave some important leads along with the three action programmes being implemented in the current biennium. However, the Workers' group were concerned about some proposals for this major programme. There was a welcome defence in paragraph 110.11 of the principles in relevant international standards, but there were three references (paragraphs 110.1, 110.8 and 110.12) to the need for basic in-depth reflection on the fundamental principles of social security, with a view to determining their continued validity and applicability. These two notions should be reconciled and a distinctive ILO vision generated.

227. This major programme provided two important vehicles to achieve this goal. First, as concerns the major report proposed in 110.5, the Workers supported the choice of the theme of social protection and insisted that the report be ambitious both in scope and content. The PFAC was well aware that one model of social security being actively promoted by the World Bank was inimical to basic ILO principles and it was for the Office to develop an alternative model. That idea was perhaps reflected in the reference under the proposed action programme on pension reform, in order to distinguish the ILO's approach from that of "other international agencies", and was strongly supported by the Workers. Capacity-building in the governance of social systems was being addressed by an Action Programme in the current biennium and its continuation — including training of union representatives on social security boards — deserved full support. Terminating the current subsidy of $720,000 to the International Social Security Association (ISSA) should not go unnoticed. In paragraph 61 of his introduction the Director-General underlined the importance of continuing collaboration with the ISSA and said that the ILO would continue to provide it with facilities. However, major programme 115 had disappeared and the Workers would want some assurance that the friendly collaborative relations with the ISSA would continue.

228. Major programme 120 (Statistics) represented a large body of work which received little attention, but provided essential building blocks for many other activities of the Office and its constituents. The ILO should maintain the level of resources in this programme to enable it to meet the demands placed upon it, inter alia, by the World Social Summit and the Beijing Conference on Women. The Workers' only substantial concern in this regard was the programme of the proposed meetings. They fully supported the convening of the 16th International Conference of Labour Statisticians in 1998, but regretted that the proposed

Experts Meeting on Labour Statistics on Occupational Injuries could not be included among their priorities for the meeting programme.

229. Major programme 140 (Equality for women) provided for the coordination and guidance of the Office of the Special Advisor on Women Workers' Questions. The Workers approved the approach taken in the global programme and budget proposals to integrate gender perspectives in all major technical programmes, and they welcomed the substantial increase of 50 per cent in resources for this major programme, which should enable it effectively to oversee the implementation of the International Programme on More and Better Jobs for Women. There should be full tripartite participation in the proposed national action plans, and the Office had an essential role in ensuring that they conformed to the policy framework set out at Beijing, as well as with the principles and priorities within the action programme.

230. Major programme 145 (Interdepartmental activities) was being largely restructured in comparison with the current biennium. The proposed aggregate resources were increased by 32 per cent and three quite separate areas of activity were lumped together, probably for no reason other than convenience. In the current biennium this major programme consisted solely of the programme flexibility reserve, a reserve for activities which could not be provided for in advance. Follow-up activities to the Working Party on the Social Implications of the Liberalization of International Trade could be included in this programme, also the on-going review of standards-related activities. The Workers were concerned about the proposed reduction in the level of the reserve itself from $1.25 million to $480,000. Such a reduction of non-earmarked funds was an easy but dangerous option, with the ILO running the risk of losing its capacity to respond appropriately, effectively, and quickly to important developments. The Workers' concern was heightened because of the Director-General's view that it was impossible to increase provision for unforseen expenditure under major programme 295 to a more realistic level, and serious consideration should be given to freeing the Organization from the straight-jacket into which it was putting itself. The second area covered by this major programme was the convening of an ILO Social Forum for which the Workers has already expressed strong support. The objective of promoting standards on workers' fundamental rights was most welcome, and should be carefully prepared with full tripartite involvement, as with the second Enterprise Forum. It was not to be regarded as a worker event to counterbalance any perception of the Enterprise Forum as an employer event: both should be truly tripartite if they were to succeed. Turning to major programme 60.2 (Employment and labour market policies), and also 60.3 (Training policies and systems), it would be useful to know how many of these programmes had been for workers, how many for employers, and how many were tripartite.

231. The representative of the Government of the Republic of South Africa said that major programme 130 relating to the International Institute for Labour Studies was in budgetary terms an area of special interest and asked for further information on the role of the Institute and also in terms of its funding. In his own country tripartism was extremely important and high priority was given to the role played by the tripartite partners. In South Africa labour market statistics had

assumed great importance, because at present it lacked the capacity to deal with a whole range of issues directly related to economic development, such as women's issues, disabled people, the informal sector, young people graduating from universities, and many others. Labour market policy should be seen in the context of a country emerging from a long period of conflict in which a culture of consensus would have to be developed. It was important for the Institute to make contact with organizations in South Africa to promote the fundamental values of the ILO, and to link up to the research being carried out by universities in South Africa. Creating these ties would yield regional as well as national benefits because of the access it would give to other work of the Institute on special issues such as migrant workers, contract labour and child labour in particular, along with more general issues such as labour policies in the context of a rapidly changing society.

232. The representative of the Government of Swaziland expressed her appreciation for the technical assistance envisaged under major programmes 60 and 80 and noted that these activities would include policy review measures and analyses on issues pertaining to employment, training, industrial relations, and labour administration. They should not be an end in themselves, however, and should be used in a practical sense to improve the efficiency of programmes in these fields. Major programme 65 (Enterprise and cooperative development) was especially important in its overall objectives but it was not clear how the action programmes in paragraphs 65.10 and 65.21 were to be realized. With regard to major programme 125 (Development policies), the ILO had to rise to the challenges of increased unemployment and it would be useful to know how employers and workers would be involved in the so-called informal sector to establish industrial and workers' associations. A particular problem was that workers in micro-enterprises were often the owners as well and there could be a conflict of interest unless these points were clarified. She expressed full support for the activities in major programme 130 and as the people of Swaziland were beneficiaries of major programme 75 (Turin Centre) she expressed her country's particular appreciation to the Italian Government for its continued financial support of the Centre.

233. A representative of the Director-General (the Deputy Director-General responsible for Policies related to Standards, Sectoral Activities and Relations with ILO organs), responding to issues raised in relation to major programme 50 (International labour standards and human rights) agreed with Mr. Oechslin that there was a need for rigorously harmonizing language used in relation to standards, Conventions and principles. In reply to a question raised by the representative of the Government of Italy, he said it was encouraging that the campaign launched by the Director-General to promote the ratification of the ILO's fundamental Conventions was gradually having an effect in most of the member States concerned. In addition to the 29 ratifications registered since March 1995, and reported in document GB.268/LILS/6, a further seven ratifications had been registered from three countries since the preparation of the report.

234. He referred to the concern expressed by Mr. Edstrom that new standard-setting activities were not adequately dealt with in paragraph 50.3 of the

programme and budget proposals. This issue was addressed also in paragraphs 50.12 to 50.14. However, it was important not to pre-empt the standard-setting prerogatives of the Governing Body and the International Labour Conference, and he was confident those decisions could be carried out within the framework of the proposed budget. Referring to the question which had been raised regarding an action programme for the promotion of fundamental human rights, he assured the Committee that a lot of work would be done, but it had not been considered necessary to have a separate action programme. Concerning follow-up of the World Summit for Social Development in Copenhagen, he drew attention to paragraph 50.2 of the proposals which clearly set out the basic Conventions identified by other United Nations bodies, and specifically the Social Summit, as core Conventions. The programme also referred to the other Conventions which were given priority in the supervisory mechanism. The intention of the programme text was not to indicate any change in the status of the latter Conventions. The ILO was cooperating fully with other agencies active in the human rights field, including contact with the United Nations Commission for Human Rights in the run-up to the fiftieth anniversary of the Universal Declaration of Human Rights in 1998. He confirmed that the findings of the ILO's supervisory mechanism were routinely transmitted to other bodies in the international system. Although there had been concern expressed over the apparently inadequate provision of RBTC resources for ILO activities on standards, there were RBTC resources available globally from various programmes, especially in the regions. In Asia there was a major programme for the promotion of standards that was supported by the Government of Japan and administered by the ILO Regional Office in Bangkok. Nevertheless, the ILO ought not to depend upon extra-budgetary sources of funds in order to fulfil what was one of its fundamental constitutional obligations. In response to the concern of the representatives of the Governments of France and Germany, he explained that activities foreseen under paragraph 50.18 of the proposals, in addition to covering standards on discrimination in employment and occupation, also covered those on forced labour and on indigenous and tribal peoples and migrant workers.

235. A representative of the Director-General (the Assistant Director-General responsible for ILO enterprise activities), responding to issues raised in relation to major programmes 65 and 85 (Enterprise and cooperative development, and Multinational enterprises and social policy), thanked the representatives of Governments, and Employer and Worker members for their reactions to the proposals. There had been both praise and criticism, which was preferable to silence, because it was of great help in setting future directions. Two major issues had arisen which always provoked lively debate and on which full agreement was often as difficult nationally as internationally: firstly, how enterprises could create jobs; and, secondly, how to convince enterprises to behave as good citizens wherever they operated.

236. On the first point he said that the ILO and its enterprise and cooperative development programme had a unique social role, namely to ensure that new jobs created by enterprises were quality jobs. In this connection, he thanked the representatives of the Governments of Egypt, China and Swaziland for their supportive comments. He referred to comments of the representative of the Government of Swaziland on the two proposed action programmes on "Social

investments: Job creation through innovative financial instruments", and "Productivity improvement, competitiveness and quality jobs in developing countries". She had asked for further information on how the two programmes would be implemented in practical terms. Staff of the Enterprise and Cooperative Development Department would be requested to meet with her to explain how it was proposed that this would be done. He welcomed the interest of member countries, which was the main reason for the important size of this programme, and also the comments of the representative of the Employer members, who had referred to the kind support for enterprise development from donors. This ILO activity to assist member States in the creation of jobs by small enterprises was also an important part of the ILO's follow-up to the Copenhagen Social Summit on matters concerning poverty alleviation and employment generation.

237. He assured the Worker members that the social quality of jobs was central to the ILO's efforts in enterprise development, and he quoted an Employer member who had said that work on job creation by enterprises was solidly based on ILO principles. He recalled that the issue would be raised in the current session of the Governing Body at the Committee on Employment and Social Policy, for which the Enterprise and Cooperative Development Department had prepared a report entitled "The role of enterprise development in employment promotion and social progress: An ILO strategy".

238. On the second issue — how to convince enterprises to behave as good citizens wherever they operated — he said that the ILO had so far worked with voluntary methods, including the Declaration on Multinational Enterprises. In this context, he hoped that agreement could be found on strengthening the programme on multinational enterprises, and was grateful for the support of speakers. Also, voluntary methods had recently given promising results in the field of child labour.

239. Finally, he wanted to refer to the Enterprise Forum of November 1996. Both the positive and critical comments would assist in preparing for the Second Enterprise Forum. Tripartite participation would need to be improved, and the Arabic language would have to be added. A full report of the First Enterprise Forum would be distributed on 14 March 1997, and was also available from the Enterprise and Cooperative Development Department.

240. A representative of the Director-General (the Assistant Director-General responsible for technical programmes), responding to issues related to major programmes 60, 80, 90, 110, 120 and 125, thanked the members of the Committee for their support, and also for their criticisms, which gave a basis to revise, reorient and in some cases rethink the formulation and content of the programmes.

241. There were three general points which related to most of the technical programmes. Firstly, much of the text presenting each programme was designed to give background information and working hypotheses. Comments had been noted, and the text would be reformulated wherever the draft might have been unclear. The outcome of research would certainly not be prejudged, and studies and reports would as far as humanly possible be objectively based on the results of analysis.

242. Secondly, in relation to extra-budgetary resources for technical cooperation, the amounts indicated were necessarily indicative projections. Figures for the current biennium could reflect actual allocations and current year estimates but the Office had very limited control over future extra-budgetary resources. Ultimately, recipient countries and donor countries and agencies determined amounts to be allocated, though of course based upon discussions and possible negotiations with the ILO. Dollar amounts should be viewed cautiously because the cost of activities could vary widely between different areas and situations could change rapidly. For example, the allocation for combating child labour had increased rapidly and for 1998-99 about $25 million was anticipated. This reflected a recognized need to which donors would readily respond.

243. Referring to questions raised by representatives of several governments, including the United States and United Kingdom, over the relationship between headquarters and the field structure in the delivery of technical cooperation, he pointed out that technical cooperation and advice took many forms, including short advisory missions, workshops, visits to headquarters by people or teams from developing countries (such as a recent important mission from South Africa for the purpose of formulating a new labour law), and larger-scale longer-term projects where the cost was substantial, and was invariably met from extra-budgetary resources. It was difficult to give an exact breakdown of the extent of decentralized activities in view of their wide range, but under major programme 125 (Development policies), there had been a great deal of decentralization to the field. Under major programme 60 (Employment and training) there had been somewhat less, mainly in the field of training. In principle, the decentralized multidisciplinary team was the "first line", and the first to process requests and proposals. They also had full headquarters support when necessary.

244. Thirdly, a number of speakers had referred to what he would characterize as the "apparent" overlap between work under these major programmes and major programmes 140, 240 and 245 (Equality for women, International relations, and Active partnership and technical cooperation). These were programmes essentially of coordination, promotion, orientation and relations, because the substantive work was done by the technical departments having the requisite expertise and competence.

245. Turning to the individual major programmes, it seemed that major programme 60 (Employment and training) had aroused the most debate. An Employer member (Mr. Katz) had raised a number of questions about employment and labour market flexibility or reform. The proposal for the next biennium was to take a systematic look at this issue, based on empirical evidence. The ILO was not retreating from involvement with international economic or macroeconomic issues; there was a whole series of programme items, as well as the country reviews and the preparation of the proposed international meeting on follow-up to the World Summit for Social Development, which dealt extensively and necessarily with these concerns. Even apparently technical work on labour market information and indicators were critical to the broader policy issues. Interlocutors such as the World Bank, the OECD and governments expected policy stances to have a sound empirical basis.

246. Responding to some specific proposals made by Worker members, he explained that work on labour market information was intended both to generate methodologies and to start generating actual statistics. There also had been a proposal to convert the work item on "Structural adjustment, employment and the role of the social partners" to an action programme; this would be technically feasible and he would make this recommendation to the Director-General. Regarding the proposed action programme on "Globalization, area-based enterprise development and employment", it would include both issues relating to the relocation of enterprises and consideration of practical action to promote employment, especially in areas which had lost enterprises and jobs. For this reason, if the item were to be retained, and subject of course to the Committee's decision, it might be appropriate to leave it under major programme 60.

247. He referred to the proposal to devote the next issue of the *World Employment Report*, due in late 1998, to the subject of training. Training and skills development, as the Employer members and several Government members had pointed out, were not a panacea but were indispensable elements of policies designed to address employment problems. In both developing and industrialized countries there was not only a need for intensified training programmes but also a thorough re-examining of the impact, effectiveness and cost of existing schemes. Also, many people, particularly minorities and other disadvantaged groups, were trapped in low-skill, low-income, low-security work, and the relevance of training to reducing inequalities should be studied. This report would not be merely technical, but issue-oriented and policy-oriented; it would respond to widespread concerns and command general, including media, attention.

248. The training component of this major programme amounted to less than 20 per cent of the total allocation, and this could not be regarded as excessive. If one of the proposed action programmes devoted to training had to be dropped, it should probably be the one devoted to the financing of training, but ideally it would be possible to retain both.

249. Referring to the migration question, he said it was hoped that guidance would be obtained from the Meeting of Experts on Future ILO Activities in the Field of Migration scheduled for April 1997. He would be reluctant to accept a proposal for an action programme this biennium on mistreatment of and discrimination against migrant workers, because it would be more prudent to proceed first with case-studies. He particularly appreciated the comments of the representative of the Government of Turkey on this matter.

250. Reference had been made to an overlap between major programmes 60 and 125 (Employment and training, and Development policies), and he agreed that there was common ground but perhaps more an appearance of overlap. These programmes worked closely together and would continue to do so. Recent examples were the paper for the UN Commission for Social Development, and papers for the ACC Task Force on follow-up to the Summit. However, major programme 125 focused very sharply on direct employment creation though operational programmes, particularly in the least developed and poorest countries, including both traditional labour-intensive public works programmes and more innovative schemes. The high demand for such operational activities was illustrated by the significant extra-budgetary funds they attracted. This major

programme also addressed targeted activities for marginalized groups in those countries. Some of the wording to describe the proposals was probably not very felicitous, and it would be reviewed. The rural sector programme was admittedly weak and would be reviewed. The distinction between the substantive work foreseen under this programme and the work in major programme 140 had already been explained.

251. Regarding major programme 80 (Industrial relations and labour administration), the texts would be examined again in the light of comments from Committee members, especially the Employers and Workers. In particular, the action programme on "Cooperative approaches to collective bargaining" would have less emphasis on training, and the action programme on the "Contribution of industrial relations to regional economic integration" would be sharpened and coordinated with the corresponding work item in major programme 60. On the question of Workers' representation in multinational enterprises a wide diversity of views had been expressed, so perhaps a review should be left until the results of current research and studies were available.

252. With regard to major programme 90 (Working conditions and environment), increased Professional staff support of six work-years had been proposed in relation to the issue of child labour. The cost of the action programme was $692,000. In all, nine Professional staff years were assigned for technical work which was essential to standard-setting activities and for analysing, evaluating and orienting action under the IPEC programme. There had been no curtailment of environmental work under this item, but it was true also that there had been no expansion either, and this would be reviewed. On the safety and health programme, he proposed that the item on genetic screening be dropped. In relation to the proposed Meeting on Insulation Wools, he explained that a $110,000 regular budget allocation would be supplemented by extra-budgetary funds from both trade union and employer sources, and he would be pleased to give details of the two international trade secretariats and seven industrial associations which had made offers. The programme on chemical safety provided the basis and framework for continuing work of classification, analysis, information dissemination and technical assistance. Finally, in relation to major programme 90, he explained that the proposed action programme on "Social initiatives by enterprises" would build on current work and would be implemented in close coordination with major programme 65.

253. On major programme 110 (Social security), he assured the Committee that although the cash subsidy had been withdrawn, concrete collaboration was continuing with ISSA. The major programme would focus not only on the implementation of existing standards but also on a review of standards in the context of all the work items under this programme.

254. In referring to major programme 120 (Statistics), he explained why the proposal for a Meeting on Occupational Injuries Statistics was important in the next biennium. In the first place, in the view of the ILO's Bureau of Statistics, a meeting of experts was indispensable in preparation for the Sixteenth International Conference of Labour Statisticians, of which this would be an agenda item. If a meeting could not be held, then the agenda item would be withdrawn and consideration of the question would then be postponed to 2003.

This would be a major source of disappointment for health and safety professionals, who had repeatedly emphasized the need for much better statistics. The proposed meeting on ambient factors in the workplace was of course equally important and the choice would be very difficult. Ideally, it would be desirable to hold both. Regarding the composition of the Conference of Statisticians, the Employer members had commented correctly that the composition in the past was six experts nominated by the Employers' group of the Governing Body and six by the Workers' group. The Committee would probably wish to continue with this practice in future.

255. A representative of the Director-General (the Director of the Bureau of Programming and Management) supplied the Committee with detailed information requested by various members in the discussion so far. His reply is reproduced in Appendix II attached to Addendum I.

C. The regional programmes and the active partnership policy (major programmes 245-280)

256. Mr. Hoff (Employer member) said that according to the breakdown figures given in Information Annex No. 7, a total of $15 million would be allocated directly to the field. He wanted to know how much of this $15 million for all the continents taken together would go to workers' and employers' projects and why there was no provision for employers' projects in the American and African regions. He also asked whether the reports on meetings to be submitted to the Governing Body from the regions under the applicable guidelines were being received regularly and what was being done with them.

257. As regards major programme 245 on active partnership and technical cooperation, he said that the idea and the application of these proposals had received considerable support. However, the Employers would like to know why several positions in the MDTs still remained vacant, which posts were affected and whether there were any plans to fill them in the near future. The Employers had already asked at the last meeting of the Committee on Technical Cooperation for a thorough evaluation of the active partnership policy and the work of the MDTs to date and for a plan and strategy for obtaining extra-budgetary resources. This was an extremely important aspect of technical cooperation which the Employers expected to be clarified at the forthcoming meeting of the Committee.

258. He also expressed concern about coordination between all these activities within the ILO. It was a difficult task and he would like to know more about how it was carried out. He said that he had studied all the tables and breakdowns in the programme and budget proposals and had asked the Office to calculate how much was really being spent on technical cooperation. No clear answer had yet been given; although he understood the difficulties involved, it was however essential to know what the sector really meant to the Organization, which devoted more than half of its financial resources to these activities. He said that he would like to ask his colleagues in the Governing Body as a whole whether they felt that they had a full or only limited understanding of the programmes and projects and their relation to the set priorities. Was there a systematic modulated evaluation of all these projects? Did the Governing Body, as a whole, believe, like the Employer members, that evaluation should be made

not only of major programmes but of the smaller, more understandable ones too? Was the Governing Body obtaining the information it needed to exercise proper control as far as technical cooperation was concerned? There was a need to reflect on the subject and to examine whether the Committee on Technical Cooperation should carry out the preparatory work for the Governing Body or whether some other method might be found. Such a discussion could be started at the next meeting of the Committee.

259. Mr. Gray, on behalf of the Worker members, said that the regional programmes were the front line in the implementation of the active partnership policy and in making the ILO a truly demand-driven organization through its response to constituent needs. However, there were a number of general issues which the Worker members would wish to address from the outset. For example, it was proposed to increase the volume of regional services in absolute terms by 1.2 per cent and in relative terms from around 25 per cent to 26.4 of the overall budget. The Workers believed it was important for the ILO political organs to decide how such a large proportion of ILO funds should be spent and subsequently to receive appropriate reports on the uses to which the funds had actually been put.

260. The proposals before the PFA Committee were couched in fairly descriptive terms, giving only general indication of priorities in areas of activity. It was striking to note that all regional programmes, except as regards Europe and Central Asia, replicated the global priorities of the programme and budget. There were no specific budget lines as for other technical major programmes, and the Governing Body did not have any real opportunity to monitor actual spending. There was a need for innovation in these areas and the Worker members would like a concrete response from the Office in this respect. Although it was important for trade unions to receive their fair share of support and attention, it was also essential for them to be given the right type of assistance and to this end it was crucial for ACTRAV to be consulted systematically and in advance by the regional programme directors on the activities which they undertook with and on behalf of trade unions, which was not always the case at present. As regards changes in field structure, he said that although the proposals were important in several respects, they were more modest than those raised in last November's document. However, he understood that change inevitably prejudiced someone's vested interest and with this in mind he gave support to practically all the Director-General's proposals, and in particular the establishment of the new MDTs in Yaoundé and Moscow and the expansion of the MDT in Cairo. It was essential that worker specialists be included in each of these teams. He noted, however, that there was no mention now of the new role for branch offices as outlined last November when the Director-General spoke of a redefinition of their functions to implement a new strategy of relations and partnership with the constituents and institutions in the countries concerned. Was this still the intention? And if so, how was it to be achieved? Since the idea of converting a number of area offices into branch offices had now been dropped, it would be preferable to avoid singling out the Ankara Office as an exception and to maintain the status quo. He noted that the active partnership and technical cooperation programme was a result of a merger of formerly separate units and certainly a more logical way of structuring the ILO's handling of strategically important parts

of its overall operation. Indeed, it was the PFAC's only window, albeit a small one, onto the workings of the policy of active partnership. It consisted of a set of procedural proposals, which, taken together, were sensible and worthy of support. Consultation between the MDTs and headquarters, guidelines, staff training, monitoring, evaluation, databases, etc., were all good practice, but what the Governing Body needed to know was how the policy of active partnership was really performing and what its actual impact was. For this reason, the Worker members attached great importance to the evaluation of active partnership to be carried out this year within the Committee on Technical Cooperation. This major programme would need to react to and implement its findings. He mentioned by way of example the specific question of country objective reviews. These were said to be key elements in ILO programming in each member State, but how many had been completed? How far were they implemented? What impact did they have? Did they reinforce tripartite cooperation? It was essential to know the answers to these questions. The crucial standards-technical cooperation link was referred to in paragraph 245.6 in a manner which reinforced the Worker members' view of the importance of an evaluation process. The "mainstreaming" of equality of opportunity and treatment and the environment, although important, was not an adequate means of ensuring a link. The Worker members also sought clarification on this major programme's responsibility for the overall management of RBTC resources. Did this mean that all RBTC spending had to be approved by it? Noting that the composition of the MDTs was to be kept under review, the Workers reiterated their well-established position that standards specialists should be appointed to each team and existing vacancies should be filled as soon as possible. They also wanted to know if this major programme had any lead responsibilities with respect to relations with donors and resource mobilization strategy. The reference in paragraph 245.10 to the possibility of adopting procedures and rules to accommodate a more dynamic approach was particularly interesting, especially when read in conjunction with the intention of exploring new possibilities with multi-bilateral donors. The question this raised was whether or not financial rules continued to pose an obstacle to relations with potential donors and if so, what was being done about it?

261. The representative of the Government of Mauritius noted that an analysis of the budget proposals indicated that Africa was the only region not to have been affected by budgetary reductions. This was welcome, especially when steps were being taken to strengthen the technical capacity of the region. He wondered whether the distribution of resources proposed, 48 per cent to employment, 35 per cent to promotion of democracy and international labour standards, and 17 per cent to the protection of workers, should not be reviewed in the light of Africa's real and priority needs.

262. Turning to major programme 245 (Active partnership and technical cooperation) he felt uneasy at the proposed reduction of the resources for this major programme by some $570,000 in real terms, since the partnership policy was the guiding principle behind the relationship between the ILO and its constituents at the national level. It could appear unjust that, while the Director-General's proposals constituted a reduction of 3.75 per cent in programme terms in comparison to the 1996-97 programme and budget, the active partnership and technical cooperation programme should suffer a reduction in resources of a much

higher order. The fall was difficult to quantify exactly because of the lack of a common denominator but would probably be of the order of 10 per cent. The mobilization strategy to secure adequate extra-budgetary resources needed to be significantly and successfully stepped up to ensure that the ILO active partnership policy did not find itself in serious jeopardy, a situation that would very likely be further aggravated by rising costs during the course of the biennium.

263. The representative of the Government of Canada, speaking on behalf of the IMEC countries, confirmed the IMEC countries' full support for technical cooperation and their desire to see that the maximum amount of resources were devoted to programme activities. For that reason, they wished to ensure that all avenues had been explored for cost savings within these programmes, and that any savings would be appropriately reallocated to help recipient countries.

264. Greater transparency in travel and staff costs and administrative overheads in supporting field structures, including multidisciplinary teams and their relationship to other field structures, would help to identify savings. Moreover, a coherent overview of technical cooperation activities across the different major programmes at headquarters could lead to synthesis and better coordination of several of these programmes. This could, in turn, contribute to more efficient management in delivery of technical cooperation programmes and could free additional resources to support technical cooperation activities in the field.

265. Mr. Prior, speaking on behalf of the Employer members, observed that the activities described in major programme 280 had a very wide coverage. They were all necessary activities for Europe and Central Asia region. While this was quite positive, because it meant that the ILO knew about the problems of the region, he considered that there were not enough resources to carry out all the activities proposed. In comparing the different field programmes he noted that allocations for the field programmes in Africa (programme 250) were of the order of $43 million, and those for the Americas (programme 260) $38 million. Roughly $40 million were allocated for Asia and the Pacific (programme 270) and only $14 million for Europe and Central Asia (programme 280). These differences were very large. Direct activities in the field were financed through the allocations designated "other costs" and included seminars, training, study tours, etc., as described in the programme. The other costs made up only 25 or 26 per cent of the total resources, and represented only $3.5 million. From this amount only $694,000 was being allocated for field projects, which was not sufficient for all the plans and activities in Europe and Central Asia. These regions were living through a critical period of transition and required greater attention from the ILO. In the first place Central and Eastern European countries were in a process of transformation from planned to market economies. Secondly, several Central and Eastern European countries were initiating the process of joining the European Union. Finally, Western and Eastern Europe were learning to live together in a future joint Europe. These were three very difficult processes, and it was in this context that many of the activities which were described in the field programmes for this region needed to be implemented; $694,000 was not enough to reach this goal. He wondered what criteria guided the allocation of resources towards activities for both employers and workers.

Some of the field projects, including, for example, seminars and training on bargaining and safety and health, could be jointly organized by employers and workers. Such an approach could result in additional savings and improved relationships between employers and workers and, rather than being divisive, could enhance the partnership between the two. Regarding regional management, relations and support (subprogramme 280.01) and network of offices (subprogramme 280.03) he wondered whether it would not be possible to combine and coordinate these two activities under one management, thus realizing savings and increasing efficiency.

266. The representative of the Government of Mexico, speaking on behalf of the Americas group, noted that it was of particular importance that the increases and reductions in the budget appropriations for the major programmes be defined in accordance with principles of equitable geographical distribution. For that reason they would like to emphasize their concern that, amongst the different regions, it was the Americas (programme 260) that received the smallest increase. Their concern that the principles of equitable distribution be applied transparently needed to be underlined. One of the distinctive and most positive characteristics of the multidisciplinary teams was their spirit of flexibility, which should be encouraged. However, the Americas group was also convinced that the degree of usefulness of the teams would increase when governments had better knowledge of the links between specific projects and the programmes in the field, and when they were able to participate in the assessment of their effectiveness and the actual definition of the projects.

267. The representative of the Government of Algeria, speaking on behalf of the African group, congratulated the Office on the pertinence and the quality of the documents presented to the Governing Body, and indicated that the African countries shared both the guiding principles underlying the 1998-99 programme and budget proposals, and also the three main objectives pursued by the Organization: the defense of democracy, the promotion of employment and eradication of poverty, and the protection of workers. While the regular budget allocations for the region had been increased by $508,000 over the previous budgetary period to around $42.9 million, he wondered whether this was sufficient in the light of the enormous problems faced by the continent. Africa had a large number of least developed countries, and many were courageously implementing structural adjustment programmes. $2.6 million was allocated to other resources for the region, and the Office should make strenuous efforts to channel as many resources as possible both from the regular budget, and the bilateral and multilateral funds to the region that needed it most. He noted with satisfaction that the 12 area offices in the region were to be maintained and that MDTs had been created in Yaoundé and Cairo. The MDT in Cairo required, in particular, a migrations specialist since the countries covered by that team had highly specific and large migratory flows. The African countries welcomed the mention of the United Nations special initiative for Africa and the Jobs for Africa Programme, and wished to know the specific steps that the ILO would take to implement these initiatives.

268. The African countries strongly supported the defence of democracy, the eradication of poverty through the promotion of employment, the protection of

workers and of human rights and the respect for international labour standards as long as they were adapted to the particular characteristics of the region. A number of specific activities were needed in the region, specifically, the creation of an "employment observatory" for Africa and the strengthening of regional training institutes on safety and health, and the training of instructors in social security and tripartite negotiations, with due regard to the structural adjustment process being implemented in the continent. He requested information on the exact amount of ILO resources allocated to technical cooperation for Africa and asked that these programmes be carried out by the member States' own technical experts.

269. Mr. Sahbani, speaking on behalf of the Worker members, urged that the diversity of the socio-economic problems faced by African countries, such as unemployment, income concentration, the increase of poverty and violations of both human and workers' rights, should be taken into account in the ILO's programme and budget for the region. While workers should take an active part in the regional integration process, paragraphs 250.6, 250.7 and 250.8 did not assign sufficient importance to social matters and in particular to unemployment and poverty. He considered that the ILO's task for the next budgetary exercise was the promotion of the workers' potential and their skills, as well as policies to reduce poverty and increase employment-generating investment. The Workers' group welcomed the fact that extra-budgetary resources were being allocated to the promotion of freedom of association and human rights. This could help workers solve many of the problems that they were facing, since the amount allocated to workers' activities was not sufficient on its own. Priority should also be given to training in the field, particularly vocational training; in this respect, the Turin Centre's isolated activities were not sufficient. Additional measures should be taken to strengthen training activities for the African continent so that the social partners could enter into bargaining on an equal footing and with greater effectiveness.

270. As regards paragraphs 250.17, 250.18, 250.19 and 250.20, the ILO should strengthen its support to all social partners, particularly with regard to social security problems, to ensure better protection for all, since the imbalances in labour markets and the labour legislation had led to a drop in employment and salaries and a reduction in the social protection of workers. The Worker members rejected the concept of social dialogue based on market imbalances, particularly when African governments did not hesitate to encourage artificial union pluralism in the name of democracy and freedom of association. This was contrary to the spirit of the ILO and all of its basic tenets and rules, and was aimed at dividing the workers.

271. The representative of the Government of South Africa, speaking on behalf of the southern Africa group, supported the views expressed by the Government member of Algeria and observed that major programme 250 was scattered, very general, and not focused enough. A budget was more than a financial statement; it was a strong commitment to ensure that focus on the objectives of the ILO was strengthened so that the overall goals of social justice were achieved. Social justice would not be achieved without effort, and resources were required to reach this goal. However, downsizing need not lead to greater efficiency, because budgetary cuts often meant that important activities were

reduced. Reductions in resources might be inevitable but he did not agree with the budgetary cuts proposed and suggested that it was important to identify specific issues to focus on. Labour market statistics were required in order to design policies and it was important to know how and where to implement the eradication of child labour, job creation, poverty alleviation, special programmes for women and unemployed youth, the eradication of HIV/AIDS and many other such programmes. More technical assistance was required in favour of greater protection for workers' rights and improvements in working conditions, and of health and safety in the working environment. Technical collaboration projects required quality control to ensure that the quality of the services provided by the Organization fully met the needs of its constituents. It was therefore necessary to examine ways of setting up a mechanism for evaluating project delivery that took into consideration the regional requirements. To strengthen the local inputs that constituents could make it was necessary to strengthen the MDTs, since they were the ILO's local contact. This was especially important in the field of research to help develop the broadest strategy for poverty alleviation and the other goals mentioned above.

272. The representative of the Government of Egypt supported the statement made by the representative of the Government of Algeria on behalf of the African countries, and she strongly endorsed the creation of an MDT in Yaoundé and the strengthening of the team covering the six North African countries and Sudan. She pledged her Government's full support to the team based in Cairo, and made a special plea for sufficient resources to be allocated to the programme on child labour. Paragraph 250.21 stated that the introduction of international labour standards and their application continued to cause problems in Africa: only three out of 53 African countries had ratified all seven ILO's basic Conventions, while 15 others had ratified six of them. Egypt belonged to the latter group, and she considered that the ILO, understanding the difficulties faced by member States in ratifying these Conventions, should provide consultative or advisory services to help member States introduce the relevant legislation. The ILO should provide training in international labour standards and their application, and strengthen programmes on the equality of women in employment. It should also continue to provide financial and administrative support to the African Centre for Labour Administration, because the social partners in the African countries needed this Centre to develop their capacities in this field. Work on improving the economic situation of women in Africa and efforts to raise awareness about the rights of women workers, particularly those in the formal, informal and cooperative sectors should be strengthened. A worrying development was the global trend to reduce aid, in particular that provided to the ILO for implementing technical cooperation plans and programmes in Africa. In view of the small increase in regular budget allocations amounting to about US$550,000, she asked that the extra-budgetary resources allocated to Africa be increased so as to meet the challenges faced by many countries in the region, especially those implementing structural adjustment programmes that had negative effects on employment, child labour and the expansion of the informal sector.

273. Mr. Khurshid Ahmed, speaking on behalf of the Workers' group, stated his appreciation for the resources allocated for the Asia-Pacific programme. More than half of the world's population lived in this continent, which also

housed more than 1.1 billion people living in poverty — almost two-thirds of the poor of the world. He therefore wondered whether it would be possible to increase the allocations to concrete programmes rather than spending three-quarters of resources on staff costs. Paragraph 270.4 mentioned that pressure for increased competitiveness had led to exploitation of workers in many countries, particularly of women and other vulnerable groups such as children. The protection of workers' rights and the promotion of international labour standards was, under those circumstances, of particular importance. However, the number of ratifications of core standards on fundamental human rights was lower in Asia and the Pacific than elsewhere, and member States of the region should make greater efforts to ratify those standards. He fully supported the priorities set out in this major programme and, in particular, those designed to implement the conclusions and principles of the Declaration of the Social Summit, as well as the principles enshrined in the Fourth Conference on Women in Beijing. He encouraged the governments of member States to establish national tripartite bodies to follow up the Declaration of the Social Summit, and to translate the principles into specific action. The ILO should provide assistance in this field. He fully supported also the employment policy and human resources development strategy because a greater investment in people would lead to a better future for all. Member States should be given assistance to develop the multi-skilled manpower required to match the supply and demand in the labour market, and to promote the dignity of work and labour culture. The activities described in paragraph 270.7 were most welcome since the rural sector comprised the bulk of the population in many developing countries of Asia and there were still feudalistic systems which denied access of the rural poor to land, infrastructure, education and health facilities. He commended the programme for women workers in the rural and the informal sector to improve their status, education, skill levels and their social protection. More activities at the national level were required to create awareness, to provide meaningful training, to improve access to income generation, to increase their participation in decision-making bodies, and even to provide legal assistance against discrimination. The programme for migrant workers was important, and in carrying it out the ILO should promote dialogue between sending and receiving countries so as to secure the provision of social security to these workers. Activities in the field of occupational safety and health in both the industrial and the rural sector deserved the fullest support, and should include the establishment of national tripartite safety and health councils and the nomination of safety delegates at the enterprise level. Safety and health education programmes should be published in national languages, and video films should be prepared to cover as wide an audience as possible.

274. A tripartite approach to the development of small and medium-sized enterprises was highly desirable, but he requested further information on the statements in paragraphs 270.15 and 270.16 on the protection of workers in the informal sector and SMEs. There should be full tripartite participation in important programmes such as IPEC and in respect of paragraph 270.25 he observed that collective bargaining always took place between workers and management. As a final comment he suggested that paragraph 270.34 should include reference to the eradication of child labour.

275. The representative of the Government of Croatia expressed concern at the introduction in major programme 280 of a special category of transition countries wishing to join the European Union. This category had not been identified at the Fifth European Regional Conference in Warsaw, when the ILO's objectives and activities in the region were discussed, although it had been mentioned at a meeting organized by the Regional Office for Europe with donors in Geneva in November 1996 and justified then by the existence of special programmes for "accession countries". The majority of the programmes presented at that meeting were in fact restricted to that group. If, as was implied in paragraph 280.5, the assistance transition countries needed in order to adapt their legislation to meet ILO standards differed from the assistance they needed in order to meet European Union criteria, did special programmes directed at accession to EU membership truly fall within the ILO's mandate? The implications of this approach could be seen most clearly in the area of labour administration training. A seminar regularly held in Cyprus on these issues had been open to all Central and Eastern European countries until last year but was now restricted to "accession countries". The programmes proposed here should not follow the same path and the Governing Body should not approve a policy which, after years of political division among countries of the region, would now introduce another artificial difference between countries at essentially the same level of development.

276. She also pointed out that the document listed a country whose status within the UN system had not been regularized among those for which the Budapest MDT was responsible, which implied that resources from the ILO budget under this field programme were being spent on that country. Finally, she requested more detailed information on the relationship between the amounts listed under major programme 280 and in Information Annex No. 7, and on the allocation of resources between the two multidisciplinary teams that now covered transition countries.

277. The representative of the Government of India complimented the Office on the Programme and Budget proposals for 1998-99 and agreed with previous speakers that resources should not be reduced in crucial areas like employment, training, working conditions or sustainable development policies. The nominal increase in regular budgetary resources for major programme 270 (Field programmes for Asia and the Pacific) was marginal and might amount to no increase at all in real terms. Given the often unfavourable indicators in the region regarding population and economic growth, human development, poverty and social and economic exclusion, this situation raised much concern among the countries of South-East Asia and the Pacific. These problems needed special priority in the region as they were exacerbated by the adverse consequences of globalization and the emergence of aggressive competition, and proposed activities in the area of human resource development in order to rehabilitate workers displaced, excluded or marginalized should be expanded.

278. The large numbers of workers affected by downsizing in the formal sector needed to be retrained for skills identified as corresponding to local labour market requirements and the ILO Centre for Vocational Rehabilitation and Training in Turin deserved increased resources for this task. Globalization also

resulted in large-scale increases in the number of contract and casual workers, who were often illiterate and unskilled and who therefore could not adapt well to changing labour market conditions and were vulnerable to exploitation. Special programmes were needed for the development of skills by these workers and it was heartening to see that the issue of contract labour was to be specifically discussed at the 1997 session of the International Labour Conference.

279. Also needing reinforcement were the efforts of ministries in charge of labour, skill training and employment in favour of human resources development in the Asia and Pacific region. Training systems also needed to be developed in the field of conciliation, arbitration and adjudication. The Government of India had been working with the ILO multidisciplinary teams on this issue, but the teams should probably play a more proactive role. Migration was a demographic necessity, but the concerns increasingly raised by cases of unscrupulous recruitment and exploitation needed to be addressed through global bilateral negotiations and the ILO could play an important role in that process. The exploitation of child labour was totally unacceptable and the IPEC programme was a splendid initiative which deserved funding on a much larger scale. Simultaneously, a specific human resource development effort should be directed at the personnel involved in this programme and in physical, economic and psychological rehabilitation programmes for the children concerned. Fighting the exploitation of women did not just consist in enlarging job opportunities but, more importantly, in promoting dignity, equality and respect for the female workforce. An institutionalized mechanism was needed to ensure ratification of the Equal Remuneration Convention, 1951 (No. 100), and the stringent enforcement of corresponding legal and administrative provisions.

280. On the issue of social security, developed countries worried about the cost of continued protection at current levels, while developing countries were worried about improving inadequate protection under the current systems. In this area the ILO's mandate was to advise member countries on the widest possible coverage, quality of service, efficient management and actuarial valuation, integration of social security schemes into a single system, incorporation of the unorganized sector and training of social security personnel. Finally, the growth of the informal sector that would result as prospects for conventional employment diminished called for specific action. Skills relevant to the informal sector had to be identified, micro-enterprises promoted and a training programme launched for workers in this sector. Social mobilization and organization of workers in the sector and the formation of self-reliance groups such as thrift and credit groups would help to make this possible.

281. Mr. Dahlan, an Employer member, welcomed the work the ILO was doing in its field programmes in the Arab States but regretted the reduction in real terms of the budget for the region despite its importance as a labour and export market as well as a production area and as the oil reservoir of the world. It was natural that resources should be concentrated on Palestine, in view of the need for ILO services in that region. Indeed, the Employers hoped that the ILO would appoint a permanent representative in Palestine and that support for the regional office would increase. Additional programmes for training workers, teachers and employers, increased support for small and medium-sized enterprises and more

research and economic studies addressing the specific characteristics of the region would also be desirable.

282. A representative of the Arab Labour Organization expressed his full support for the statements made by the Director-General and the representatives of the Governments of Tunisia and Egypt concerning major programmes 250 and 265 and he welcomed the strengthening of the Algiers and Cairo Offices. He underlined the importance of not isolating Mauritania, an associate of the region and a member of the Organisation of African Unity, the Arab League and the Maghreb Arab Union, in Africa. He also supported the statement made by the representative of the Government of Algeria on studies on migration in the region and expressed the hope that West African countries would further benefit from technical cooperation, employment and training activities from headquarters. Finally, he remarked that the programme dealing with Palestine was very important and should be allocated more resources in view of the activities to be carried out.

283. Mr. Brett, speaking on major programme 280 on behalf of the Worker members, observed that for all their differences Eastern and Western European countries and countries of Central Asia had in common a desire for democracy, social development and stability, and a concern for human rights. The Worker members welcomed the new office in Moscow, though confirmation was needed regarding the presence of a workers' specialist in the team. This was most important if the development of workers' organizations was to be given priority as proposed in paragraph 280.19. The new multidisciplinary team was particularly welcome given the collapse of social security in the former USSR, the severe employment problems, the late payment of wages and, in Belarus in particular, the repression of trade unions. The provision for national correspondents in Kazakstan and Uzbekistan was also welcome, but the Worker members wondered what was happening with the existing representation in Kazakstan. The Workers strongly opposed the transformation of the Ankara Area Office into a branch office. The ILO should give proper recognition to the geopolitical importance of Turkey.

284. The Workers were pleased to see the continued emphasis on the importance of standards in legislative reform, but considered it premature to say that legislation was now generally adequate and that only implementation problems remained. Much work remained to be done not only in Central Asia but also in Turkey, the Balkan States, and especially in Albania and Bulgaria. Regarding paragraphs 280.5 and 280.7 and the issue of assistance to countries seeking entry to the European Union, the Workers believed the question of entry criteria was a matter for the European Union alone, although the ILO might assist in areas of its own expertise if this work was requested by and paid for by the European Union. On the matter of social security the ILO should continue to argue in favour of the basic principles of social protection and should carefully guard against any erosion of the rights of workers to social security.

285. The representative of the Government of Chile noted that the American region was going through a process of democratic consolidation and regional integration and expressed support for the main objectives of programme 260. He supported the activities proposed for the improvement of fundamental rights and

for strengthening the social dialogue, for the promotion of equality between men and women and for the elimination of child labour. Especially welcome was the programme for training activities, an area to which his country devoted large resources. He asked why funding for the field programmes in the Americas received the smallest increase compared to the other regions.

286. Mr. Suzuki, an Employer member, expressed his appreciation of the comprehensive document the Office had prepared for major programme 270 on Asia and the Pacific. The activities referred to in paragraphs 270.7, 270.10 and 270.11 deserved adequate support, but the work on child labour done in the region should be coordinated more closely with the regional office. Unfortunately, the multidisciplinary teams in the region were not fully staffed, which limited their effectiveness and the quality of their services, and in view of the rapid rate of change in the region there should be close and continuing consultation between headquarters, the multidisciplinary teams, the regional and the area offices. Employers' associations also needed to be well informed of the complete picture of ILO activities in the region in order to contribute to the ILO's work.

287. The formulation of country objectives was still at the drafting stage and the Employers felt they should be operational as soon as possible. The philosophy underlying paragraph 270.4, in which competitive pressures were said to lead to exploitation, was not an adequate basis for ILO action, since competitiveness today was achieved not with measures such as wage cuts but with positive measures involving the whole enterprise, such as improvements in teamwork. The description of the situation of women in Asia and the Pacific provided in paragraph 270.8 was a sweeping generalization that could not form the basis for ILO action. The significant advances made in this domain should be identified and activities supporting this process should be promoted. The treatment of pension schemes in paragraphs 270.20 and 270.21 included no reference to the needed search for new models for the conditions in Asia and the Pacific. It seemed that the ILO wanted to introduce an unsuccessful, non-viable and questionable model from other regions and this approach should be urgently reconsidered. Subject to these remarks the Employers supported major programme 270.

288. The representative of the Government of Argentina expressed support for the statement made by the regional coordinator for the Americas group and regretted the small increase in the resources allocated to the region in comparison with other regions. He expressed support for the priorities defined in paragraph 260.5, which reflected the concerns of the social partners of the region. Strengthening social dialogue was particularly important in a period of economic and political change and the ILO's contribution during this process was especially valuable. There was a welcome emphasis on training activities. He thought it would be useful to have clarification of the information given in Annex 2, where staff costs seemed to absorb 80 per cent of the resources allocated to the region. More information on the volume and level of technical cooperation deployed by area offices and multidisciplinary teams would also be useful.

289. The representative of the Government of Uganda expressed her solidarity with the earlier speakers from the African region and welcomed priorities that reflected the major issues in the region. East Africa had greatly benefited from the work of the multidisciplinary team and area offices, which

deserved increased resources. The development of an African regional labour administration structure deserved special attention because its technical support and assistance would have a real impact on growth and the process of democratization in the region. However, labour market statistics and information services also needed more resources to ensure that decisions were based on accurate data. In addition, there were compelling reasons for the ILO to allocate extra-budgetary resources to Africa in the context of the follow-up to the Social Summit. The ILO/UNDP "Jobs for Africa" programme described in paragraph 250.5 was an excellent development and would be strongly encouraged by member States in this region.

290. Mr. Durling, speaking on behalf of the Latin American and Caribbean Employer members, expressed appreciation for the work which the International Labour Organization was doing in this region. The ILO needed to be able to respond more effectively to initiatives undertaken by other organizations in the region, notably the Organization of American States, if it did not wish its reputation or position to be undermined in any way. Employers were particularly interested in the activities of CINTERFOR, although its meetings should have a greater tripartite component than they had so far. There was little reference to employers' organizations in major programme 260, nor to employer activities, in contrast with other regions, and this should be corrected. Due attention should also be given to the modernization of social security systems in the region: in most of them, private initiative was currently playing the leading role.

291. Some areas of the programme and budget proposals lacked substance, for example paragraphs 260.10, 260.15 and 260.21. The unemployment and low wage crisis was not the fault of the private sector, but more a result of economic policies which were not in line with the real needs of the population. Reference could also have been made to the role played by education systems in the dynamics of the labour market in his region, although they were outdated in the face of modern technological developments. The ILO needed to address urgently the deplorable state of the labour courts and tribunals in the Latin American region if it wanted to contribute to the strengthening of democracy in a region faced with changing economic and social circumstances.

292. The representative of the Government of Saudi Arabia thanked the Director-General for the Programme and Budget proposals for 1998-99 and expressed his appreciation for their new presentation. He joined previous speakers in supporting major programmes 245 (Active partnership and technical cooperation) and 265 (Field programmes in Arab States), and associated himself particularly with the comments made by the Employers, as well as the representative of the Arab Labour Organization, concerning the field programmes in West Asia. He welcomed the priority given to assisting the countries and territories directly concerned in the peace process in the region, notably Gaza, the West Bank and Jordan. As to paragraph 265.28, concerning the provision of support to the Palestinian Authority and employers' and workers' organizations, he commended the achievements made already in this field, especially since the ILO programme to provide assistance to the Palestinian people was one of the most important programmes carried out by the specialized agencies in the West

Bank and Gaza, and he emphasized the need for the ILO to continue to expand technical assistance to the Palestinian social partners.

293. The programmes implemented in Gaza and the West Bank needed to be monitored by a competent specialist in order to improve the level of delivery and this was why proper financing of the coordinator in the region was of paramount importance. The Government of Italy had in fact financed a significant part of this post. The special programme in support of the Palestinian Authority and employers' and workers' organizations in the region was clearly the responsibility of the field office in Beirut, although he noted that its budget had not been increased. The administrative support provided to this programme was therefore at the expense of the remaining Arab States, and this situation should be corrected in order for the Beirut office to be able to meet its additional obligations. He expressed his appreciation for the increase in the budget of the field programmes in the Arab States, especially the increase in the RBTC resources. It should have been greater since there were 11 countries in that region in addition to the Palestinian Authority, and these countries depended heavily on the technical cooperation projects implemented by the ILO.

294. Mr. Sahbani, speaking on behalf of the Workers, supported the content of major programme 265 concerning the Arab States. The Organization should implement these activities within the specified deadline and more support and assistance should be given to the workers' organizations, especially in view of the conditions suffered by them at present. Paragraph 265.1 referred to the fact that the transition to a market economy had adverse effects on the workers and the labour market and of course combating this required additional resources in order to improve job opportunities and to provide the necessary environment to encourage the establishment of institutions and therefore create job opportunities. The rate of unemployment in certain Arab States was more than 20 per cent and he emphasized the importance of training and the active involvement of all the social partners if this unacceptable level was to be reduced.

295. He commended the importance given to gender and women's issues, especially women in the rural areas which constituted a large part of the labour force, but this issue really deserved a special programme of its own. The programme should have paid special attention to child labour, an extremely dangerous phenomenon in certain Arab countries which was continuing to spread due mainly to an increase in poverty and the imbalances in the economies of certain Arab States. This problem was getting worse and the ILO should develop a special regional programme aimed at eliminating child labour in the Arab States. The problems of migrant workers working in the Arab States did not receive the attention they deserved and he called upon the Organization to set up the proper machinery to force governments to respect the rights of these workers and to allow them to join trade unions freely and enjoy their trade union rights.

296. The Workers attached a great deal of importance to what was contained in paragraphs 265.18 and 265.19 of the programme and budget proposals. International Conventions, especially those on freedom of association, had to be respected and he regretted that in certain cases trade union activities had been hindered, contrary to the principles of the ILO and to the aspirations of the international community. The ILO needed to encourage more member States to

ratify Convention No. 87 and to respect the individual right of freedom of association, issues of paramount importance as countries moved towards a market economy system. He particularly supported the aim of paragraphs 265.24 and 265.25, namely to strengthen the social protection of workers with disabilities, migrant workers and agricultural and informal sector workers as well as homeworkers, and he insisted on a separate programme to meet these objectives.

297. The special programme in support of the Palestinian Authority was also a priority activity and he hoped that the ILO would be able to provide the necessary technical assistance programmes to help reduce unemployment and to improve the capacities of workers to set up their own organizations. The Workers stressed the need to improve working conditions and to improve the situation of ambient factors in the workplace as this contributed to an improvement in economic conditions as well as employment. Resources allocated to training in the field of labour administration through RAPLA should also be increased as this programme made a positive contribution to all social partners in the region.

298. The representative of the Government of Bangladesh associated himself in advance with the statement to be made by the representative of the Government of the Islamic Republic of Iran on behalf of the Asia and Pacific region. Referring to major programme 245 (Active partnership and technical cooperation), it had been stated in the introduction of the programme and budget proposals presented by the Director-General that technical cooperation activities would continue to be one of the most important means of action for dealing with the problems of developing countries and countries in transition. This seemed at variance with the fact that the allocation for major programme 245 had been reduced from $4.46 million in the 1996-97 biennium to $2.87 million in the coming biennium. He noted with satisfaction that the resource mobilization strategy would continue to be implemented to secure adequate extra-budgetary resources for the ILO's technical cooperation activities in the future, but he stressed that the regular budget should not be compromised against the uncertain hope of extra-budgetary resources.

299. With regard to field programmes in Asia and the Pacific, he supported the proposed increase in budget allocation for the coming biennium but added that considering the huge population living in this area, this increase was perhaps inadequate. Despite the impressive economic performance of some Asian countries, Asia still accounted for almost two-thirds of the world's estimated 1.1 billion poor, with the largest concentration being in South Asia. For Bangladesh, with a population of 120 million, the creation of productive and remunerative employment and the need for a well-trained labour force was vital, and for this reason technical cooperation and advisory services were required more than anything else. While the ILO was definitely not a funding organization, it could develop and encourage training and employment-generating programmes which could then in turn attract multi-bilateral donors, and he therefore requested that the ILO take into consideration specific country situations and requirements before creating technical cooperation programmes for them.

300. Mr. Botha, speaking on behalf of the African Employers, commended the Director-General, the Assistant Director-General for Africa and the members of staff of the offices and the multidisciplinary teams for the dedication and

enthusiasm they displayed in trying to deal with the multiplicity of problems in Africa. The Office had meticulously consulted the tripartite partners in identifying priority objectives for ILO assistance, and for South Africa at least, it had attempted to respond to the needs of the country. The reduction of poverty, the promotion of employment, the protection of workers and the promotion of democracy were clearly the principal priorities for the continent. But the problems faced were many, difficult and varied, compounded by wars, natural disasters, the transformation of political systems, severe problems of poverty, rapid population growth, HIV-AIDS and unemployment. The need for technical support and assistance was almost endless and major programme 250 made an attempt, perhaps too much of an attempt, to respond to all of these problems. The promotion of employment, the private sector, training, social protection and democracy, and the elimination of child labour were but some of the important areas which received attention. It was not clear from the document how much support was intended for the 15 countries either currently engaged in or which had recently emerged from war, and it would be interesting to know these figures. African employers recognized of course that the resolution of Africa's problems lay within Africa, and African employers' organization representatives had recently met and agreed to cooperate more closely by using their own resources and expertise for maximum impact on these problems. Indeed African employers in Africa already spent many millions of dollars on job creation.

301. Although Africa received the largest of all the allocations of funds for field programmes, it should be noted that about 87 per cent of the proposed budget was assigned to staff costs and administration and travel-related costs, which left approximately $5.5 million for field projects. This observation was not intended to suggest in any way that staffing and administration were unimportant or not required. In fact it had already been noted by many speakers that not all the multidisciplinary teams in Africa were fully constituted and he cited the case of the North African multidisciplinary team in Cairo, where no director had yet been appointed and only two of the required six technical advisers were in place.

302. He agreed with the comments made by Mr. Durling that the importance given to employers' activities in the regional programmes was inadequate and he appealed to the ILO to redress this imbalance. It was clear that with limited funds available the priority of setting objectives would need to be even more rigorously controlled in future and certainly focused more on those areas which would assure the best results and the greatest returns.

303. Mr. Gray, speaking on behalf of the Worker members, addressed the issue of the field programmes in the Americas (major programme 260). The Worker members supported the changes in field structure in the Americas, which were not substantial. Moreover, the November proposal to move Belize from the Caribbean MDT to the Central American MDT had been dropped as had been urged by the Worker members, as well as the idea of the Buenos Aires, Brasilia and Mexico area offices becoming branch offices. In the latter case it was assumed that this had the support of the constituents in the countries concerned. The Worker members noted that programme 260 was probably the most analytically complete of the regional major programme proposals. It set the scene for a positive approach to social and labour issues in the Americas. Particularly

strong points were the emphasis on social dialogue, tripartism, fundamental worker rights, the approach to the informal sector, and regional integration. With respect to the promotion of democracy, the statement in paragraph 260.8 that the ILO campaign to promote ratification of the fundamental rights Convention had been successful required some justification, but the intention to build extensive activities around it was very positive.

304. The emphasis on the Indigenous and Tribal Peoples Convention, 1989 (No. 169), under the heading of fundamental ILO standards might seem strange but it was understandable, particularly in the Guatemalan context. However, the reference in paragraph 260.11 to the integration of indigenous people was unfortunate, since the intention of Convention No. 169 was quite different. The expansion of productive employment was positive in its references to the international dimension of social dialogue in the context of globalization and its emphasis on compliance with basic labour standards. The programme's approach to the informal sector was the right one and could serve as a standard for activities of other major programmes.

305. In paragraph 260.24 the intention to organize training on ISO 9000, which was a standard set by the International Standards Organization, should be explained. The region's labour market information activities were worthy of particular note, generating outputs such as the "labour index", the "labour label" and the labour overview that were perhaps not well known. They might be interesting examples for other regions to follow. The statement regarding the programme on improving conditions and social protection (paragraph 260.31), that a low-price comparative advantage was not acceptable if it was the result of an erosion of international labour standards was highly commendable. Similar forthright statements would be welcome elsewhere in the programme and budget.

306. The representative of the Government of the Islamic Republic of Iran, speaking on behalf of the Asia and Pacific group and referring to major programme 245, regretted that country objectives had not been prepared for some countries which had therefore not been able to benefit from the active partnership policy. This had had a severe impact on the level of technical cooperation they received, and the multidisciplinary teams should give equal priority to the needs of all countries they covered. Any reduction in the budget of this programme should be confined to savings in administration resulting from the merger.

307. He emphasized that there should be no reduction in the budget and volume of technical cooperation. Instead, the ways and means of ensuring a more effective and equitable provision of technical cooperation should be explored, as technical cooperation was the main means of action available to the ILO. Regarding the relation with donors and extra-budgetary sources, the quality and performance of the ILO should be attractive to donors, but the ILO should ensure that such technical cooperation projects reflected its priorities and mandates. Linkage with labour standards, as mentioned in paragraph 245.6, should be strong and positive.

308. Referring to field programmes 265 and 270, he observed that field programmes of the ILO in the Asia and Pacific region should respond more closely to the needs of the constituents in this region. Alleviation of poverty through the creation of productive employment remained the most urgent priority

but the characteristics of the Asia and Pacific region required a rich and diverse programme of activities. There were developing and least-developed countries with different social conditions and each group required specific types of field programmes. A wide range of problems on issues such as poverty and unemployment, transition economies and the formation of social and economic structures, had led the labour administrations and the social partners to come up with a wide-ranging variety of needs. Although there was a marginal increase in the budget for Asia and the Pacific, it was not sufficient to enable a proper response to such a diversity of needs.

309. Another reason why the budget for the Asia and Pacific region should be reviewed was that, in absolute terms, the greatest concentration of world poverty, unemployment and child labour were to be found in the region. The effects of globalization were felt more severely in this region than elsewhere so the budget for Asia and the Pacific should be increased to correspond to the ILO objectives in the region.

310. One of the most urgent problem was the gap in the network of offices, which, despite the Asia and Pacific group's repeated requests, had not yet been filled.

311. Finally, he expressed appreciation to the management and the staff of the regional programmes for Asia and the Pacific, and the regional programme for Arab countries of West Asia, which had performed excellent work in the face of severe budget constraints.

312. The representative of the Government of the United States expressed strong support for the request made by Canada on behalf of IMEC, as well as by the Employers' and Workers' groups and others, for more clarification and accountability in the ILO's technical cooperation activities. The active partnership programme and the multidisciplinary teams were established to bring the work of the ILO closer to its constituents and their needs and to make the ILO's technical assistance work more effective and efficient. It was unlikely that this objective was being achieved at present because in the current field structure the location of at least ten multidisciplinary teams in cities that also housed area offices raised the possibility of duplication. Similarly, it was not clear whether the existing networks of regional offices, area or branch offices and multidisciplinary teams was the best arrangement for the organization of field programmes. Perhaps some of those offices could be combined so as to achieve a more efficient system of technical cooperation delivery, in which resources were directed where they could make the most difference to the lives of the world's workers.

313. The representative of the Director-General (Mrs. Chinery-Hesse) thanked the Committee members for their contributions which had led to a very rich debate. Many important issues had been raised, because the ILO's technical cooperation programme made a valuable contribution to the lives of many people and it was only on such occasions that appropriate feedback in terms of how the ILO was performing was obtained. She would answer as many of the questions as possible, leaving any remaining questions to the Committee on Technical Cooperation.

314. The first issue related to the general point raised by the representative of the Government of South Africa and the Workers who had complained about

the lack of focus in the presentation of some programme activities. Any general improvement which is made in the presentation of the programme and budget would redound to the benefit of the presentation of both the technical cooperation programme and the separate programmes of the regions. Additional information on these programmes would be given in the Committee on Technical Cooperation.

315. Regarding the structure of the Governing Body there was adequate provision for the involvement of members in the decisions on technical cooperation through the Committee on Technical Cooperation. The responsibilities of this Committee were to review the ILO technical cooperation programme and evaluate selected projects; to recommend priorities and provide guidance for the ILO's technical cooperation activities; to promote the active participation of employers' and workers' organizations in the preparation, implementation and evaluation of technical cooperation programmes and projects; to examine the action to be taken on Conference decisions concerning technical cooperation matters; to monitor ILO technical cooperation activities in the different regions, including the work of the regional multidisciplinary teams; to consider developments in the United Nations system affecting the ILO technical cooperation activities; and to have general relations with other international organizations in the field of technical cooperation. These terms of reference provided adequate scope for members to guide the work of the Office in this area if the Committee was functioning appropriately.

316. The functioning of this Committee would be examined at its next session to determine how its system of operation could be adjusted to ensure that the concerns about the involvement of members in technical cooperation activities of the Organization were addressed. A paper on this subject had been prepared which should initiate a very active debate.

317. The question raised on behalf of the IMEC group by Canada concerning the distribution of resources between staff time and the implementation of country programmes was difficult to answer because of the nature of technical cooperation. Staff costs were part of the package for delivery of technical cooperation. The services of staff who advised governments were difficult to quantify but they were an extremely important part of the ILO's services to governments within its core mandate. Turning to the issue of resources for travel, she said that staff had to travel to give advice and to be closer to their constituents. The relevance of advice was greatly enhanced by using staff members who operated within a particular region or subregion or who had exposure to these regions, and who could appreciate their problems and make practical recommendations; otherwise proposals might be too academic. Although there had been a great deal of decentralization to the field, research activities took place at headquarters, which had access to the very latest developments. Even though electronic communication was used extensively headquarters staff had to travel to the regions to provide practical input and support. Although it was very difficult to give a precise estimate of the technical cooperation input of the headquarters staff, an attempt would be made to provide the Committee on Technical Cooperation with the information requested.

318. Another issue which had been raised concerned the allocation of resources among the regions. All regions had expressed dissatisfaction in this

respect. The task of the Organization was to define priorities, and the debate had helped to identify some of the issues which were closest to the hearts of the constituents. There had been a general request to have the active partnership policy evaluated and the Office had set up machinery for this purpose. A workshop in Turin had been scheduled, intended to bring together staff from headquarters and the field, to examine in depth the operation of the APP to date. The report of this internal evaluation would be made available to the tripartite evaluation of the APP which had been requested by the Governing Body. The arrangements for this evaluation would also be discussed with the Officers of the Committee on Technical Cooperation.

319. A number of issues had been raised about the active partnership policy. One question was how many country objectives had been undertaken so far. Africa had completed 22 country objectives; five were at a very advanced stage, ten others had been started, and 16 were planned but not yet started. One of the reasons for the ten uncompleted country objectives was that they were supposed to be tripartite and if one of the parties was missing it could not be completed. War, civil unrest and sometimes even a change of government staff could hold up the completion of a country objective review.

320. In Asia, eight reports had been completed, six were at an advanced stage, and eight were being carried out with difficulty, but this was understandable within similar constraints as listed for Africa. In countries such as Singapore, Malaysia and the Republic of Korea which had little need of the Office, it had been difficult to proceed, but the Office's priorities had always been to help the weaker countries first. In the Arab States, six draft reports had been completed, six were scheduled for preparation, and two were at a standstill owing to internal problems in the countries concerned. Turning to Latin America, she indicated that 20 reports had been completed, three were at an advanced stage, and nine were under preparation, whereas in Europe four had been finalized. Experience had shown that the country objective approach was valid, and consequently was valued by the Office, as it ensured that interventions were tripartite, demand-driven and constituent-led. She stressed, however, that missions covering the whole spectrum of problems and their resulting projects were constantly being carried out in countries which had not yet completed their country objectives' exercise as the Office did not wait to have these in hand before extending assistance. In the preparation of country objectives, the Office also aimed at having a certain flexibility to allow for unforeseen changes in the situation within a country, which meant that new problems could be tackled as they arose.

321. With respect to RBTC, it was understandable that PFAC members wished to ensure that funds allocated to technical cooperation were spent judiciously. As a rule, the major part of the funds was allocated to programmes which benefited the social partners who might have difficulty attracting funding from other sources. Thus, a considerable amount was also used for standard-setting activities, an area of little interest to multi-bilateral donors. Expenditure figures for RBTC would be available to the Technical Cooperation Committee and would show that a large proportion had been used for project and programme

development. Funds had also been used as seed money to prepare packages for implementation by multi-bilateral donors.

322. On the question concerning vacancies in the MDTs, the situation was not as alarming as it appeared: there were 18 vacancies out of a total of 127 posts of which three had just been filled; and competitions had already been announced for eight others. As one of the important aspects of the active partnership policy was the rotation of staff between headquarters and the field it was normal that there should be temporary vacancies from time to time but the Office aimed to fill them with minimum delay.

323. Responding to Mr. Hoff's question on evaluation of technical cooperation projects, she stressed their importance in the context of the Technical Cooperation Committee and indicated that the Office had proposed moving this component to another session of the Governing Body to ensure that it could be more adequately discussed. Of the 93 evaluations planned in 1996 to cover programmes from all sources of funding, one-third had been completed and half of these had been done independently. The purpose of having these evaluations was to determine the effectiveness of the programmes and to identify elements from which lessons could be learned in the ongoing effort to improve future programme development.

324. In answer to the many questions concerning the link between technical cooperation activities and ILO standards, she reiterated that the Office continued to work to ensure that such links were forged and synergy created between them. As had been requested by the representative of the Government of Egypt, the Office considered not only the policing aspect of supervision of the international labour standards but also tried to use the technical cooperation means of action to assist governments to fulfil their responsibilities to the Organization, and also for creating an environment more propitious to the ratification of Conventions. Beyond that, technical cooperation programmes were aimed at strengthening the capacity of governments to undertake such activities on their own. Another development currently under consideration was the possibility of follow-up of the recommendations of the Committee of Experts by an appropriate technical cooperation programme so that even closer links could be formed and the Office's performance improved in this area. In conclusion, because of the lateness of the hour and lack of time to respond to the very many specific questions asked by members, she indicated that she would, together with the regional directors, contact members individually to reply to questions which had been raised concerning the regional programmes.

325. The representative of the Director-General (the Treasurer and Financial Comptroller) replied to the question of whether the ILO's Financial Regulations affected its ability to attract extra-budgetary funds. These Regulations had been developed and refined over many years and were based on sound financial practice. Agreements for extra-budgetary funding had to comply with them and it was true that there were some difficulties, not of the ILO's making, when the practices and rules of donors were different. The PFAC had been informed from time to time about the progress in negotiating an agreement with the European Union and the Office still hoped to obtain an agreement similar to that between the European Union and UNESCO signed about a year ago. The delay was not

caused by the ILO and negotiations were still proceeding, albeit slowly, and it was hoped that they would be concluded in the coming weeks. However, the agreement might not necessarily resolve all issues because there were often problems with the interpretation of the agreements by the different directorates of the Commission. The ILO however was doing everything possible to cooperate with the European Union so that extra-budgetary projects could be developed.

326. There was also a tendency among donors to request more and more complex financial reports which had to be done manually because with the ILO's obsolete accounting systems they could not be produced by computer. Some were now requesting vouchers for every single item on a project which meant that vouchers from area and regional offices would have to be collected, photocopied and then sent to donors. This would inevitably result in higher administrative costs.

327. A representative of the Director-General (the Assistant Director-General responsible for Resource Mobilization) replied to the question which had been raised about the resource mobilization strategy, requested by the Technical Cooperation Committee in November 1996, and confirmed that it would be submitted as foreseen to the Committee, and through it to the Governing Body, in November 1997. During the Committee's meeting the following week members would have the opportunity to express any additional views on how it was to be drawn up, and these would be taken into consideration in the preparation of the report.

328. Mr. Marshall, speaking on behalf of the Employer members, suggested that the information which had been prepared but which could not be presented owing to lack of time be made available to PFAC members the following week.

D. Administrative and support services (major programmes 160-220, 235, 240)

329. Mr. Marshall, speaking on behalf of the Employer members, said that although these major programmes were not very exciting compared to the more visible programmes and main outputs of the Office, they were none the less critical to effective programme delivery as well as to the Organization's professional standing. He cautioned against falling into the trap of undervaluing such services and seeing them as easy areas for cost-cutting. They cannot, however, be exempt from the drive for cost-efficiency or productivity improvements and major programme 160 (Personnel) was central to these considerations.

330. In line with the long tradition of Employer members' backing for investment in systems and management support for human resource development, they were pleased with the emphasis placed on the integration of training, career development, performance management and organizational development. Although the Office had developed and continued to develop a range of useful personnel administrative initiatives, the Employers were concerned that they were not guided by a purposeful personnel policy which encompassed a range of areas including, among others, an open recruitment policy which balanced quality and best-person principles with geographic and other criteria. The importance of the involvement of heads of department in personnel policy could not be overstated.

The increase in the training budget was welcome but it would be useful to have more information on how it would be spent.

331. With respect to major programme 170 (Financial services), the Employers understood the importance of upgrading the budgetary accounting and general ledger computer systems in the light of the decentralization requirements, and appreciated having the rough estimate of this future expenditure. Preliminary studies were necessary and they would appreciate information on the resources to be allocated for them in the 1998-99 biennium.

332. Concerning major programme 175 (Internal administration), the Employers were concerned to see that the Office took full advantage of the opportunities of a very competitive transport market, and suggested that there might be other means of procuring better ticket pricing than were currently being used.

333. Major programme 180 (Publications) was an important activity but its objectives should be clarified. The Employers' view was that publications should be targeted at providing information to meet customer and consumer demand and that the main objective should be to satisfy this demand. The goal should not be to build a reputation because the ILO's reputation would automatically be enhanced by fulfilling customers' needs. The reputation of the *International Labour Review*, a big budget item which had been a very useful and well-respected publication over the years, appeared to have declined, probably because of deterioration in readability, choice of topic and layout.

334. It would be useful to start a fundamental review of publications policy, beginning with a market survey to identify customer needs and followed by an evaluation of each publication. In addition, adequate consultation should take place to identify the relevant priority subjects for the 40-60 budgeted monograms. There was little point in producing multiple publications if they were not accessible to a wide range of constituents because of translation constraints; it might be preferable either to produce fewer quality publications with a wider spread or to negotiate again with governments for translation assistance, which might prove useful particularly to Spanish-speaking and Arab-speaking countries. The projected revenue for the sale of the Occupational Safety and Health Encyclopaedia, around $2 million, was assumed to be a realistic figure but there was no evidence to support this amount.

335. Moving on to major programme 200 (Programming and management), he expressed the Employers' satisfaction with the emphasis placed on internal evaluation and audit as these activities were essential in an organization as large as the Office to ensure that its many diverse and separate units were pulling in the same direction. They supported also the management advisory services activity. The Employers are pleased to note that the ILO, along with many organizations worldwide, had recognized the benefit in contracting out, where appropriate, some of its services.

336. In conclusion, with reference to major programme 235 (Public information), the Employers recognized and appreciated the work carried out under this programme but a balance had to be achieved between sensationalism and conservatism in reporting on ILO activities.

337. Mr. Gray said that the Workers' objective in this part of the programme and budget was to see that the Office provided efficient administration and support services as cheaply as possible. They recognized that significant cost reductions of almost 5 per cent had been made but this resulted from two quite different processes: programme cuts, such as in major programme 180 (Publications) and major programme 220 (Relations, meetings and document services); and savings through rationalization and improvements in efficiency. The savings were welcomed provided they did not affect the quality of services. Particularly important tasks were to be undertaken under major programme 160 (Personnel), which were more complex now because of the mobility demands of the active partnership policy and the job insecurity resulting from the financial uncertainties of the last few years. The effectiveness of personnel activities was an important determinant of staff morale and performance and it was important to ensure that industrial relations procedures operated in a positive climate. One reason for good management-staff relations was the need for a common front in the face of potential ICSC recommendations which could possibly be damaging to the Office. The Workers strongly supported the restructuring proposals aimed at strengthening staff training and development.

338. The Workers were concerned to hear the Employers' belief that qualifications should be the sole criterion for employing new staff. This should be balanced first by the principle of regional distribution of posts and, second, by an affirmative action programme which allowed for an increase in the number of Professional posts available for women. The latter was particularly important because at present women were grossly under-represented in Professional posts. The Workers expressed their strong dissatisfaction at the exclusion of provision for child-care facilities under this programme, and asked why the introduction of PERSIS would continue during 1998 when it was supposed to be completed in 1996. Under major programme 170 it was disturbing to see concerns expressed two years ago about the antiquated accounting system repeated, with still no proposal to do anything about it.

339. The Workers wondered what were the real effects of the decentralization of financial responsibilities. The process implied significant savings for this major programme but corresponding increases were difficult to trace to field programmes. Major savings were also planned through rationalization under major programme 175 on internal administration, which was commendable if the services did not suffer. In relation to travel costs, it would be interesting to know the results from the commitment made two years ago to reduce the cost of air travel. The search for cheap fares should not, however, overshadow the need for personal contact. With today's sophisticated technology it would be easy to resort to faxes and e-mail but they could never provide the personal touch. The proposals under major programme 180 (Publications) were in line with decisions taken at the November 1996 Session of the Governing Body but despite advances in the electronic media there was still a continuing demand for printed material. ILO publications should be produced in as many language versions as possible and marketing policy should be designed to make them available to a wide range of constituents as well as raise revenue. The proposals for outsourcing should be accompanied by adequate guarantees concerning terms

and conditions of employment for the contractors' staff. Major programme 185 (Information technology and communications) promised a major reorientation with responsibilities being devolved more to user departments. The question was, could they cope or would this distract from their own programme implementation?

340. The Workers acknowledged the already impressive results from technical innovation in the ILO, but they would appreciate more information on the Enterprise Network. The Internet and Intranet provided great potential not only for improved efficiency and service but also for new educational and training methodologies. The Workers approved major programme 190 (Library and documentation) and expressed appreciation for the high quality of the service it provided. The library's training function was important but it was not clear whether it could be sustained with the deletion of its RBTC allocation. Major programme 200 (Programming and management) was of particular interest in view of its role in the budgeting process but a major concern was whether it could respond to the objectives of greater transparency and improved reporting. It appeared that the Office would place particular stress on the monitoring, evaluation and reporting system (MERS), which would enable it to undertake self-assessment and to measure the impact of its activities. It would be interesting to know how this information would be transmitted to the Governing Body so that it could evaluate for itself the effectiveness of ILO activities, and to have more detailed information on the allocation of resources. The Workers' concern was heightened by the fact that increased proportions of the ILO's budget were being spent in external offices and this Committee was being asked to approve priorities only on the basis of descriptive proposals. The Workers were not trying to micro manage the Office but some further information on these matters would be welcomed.

341. The Workers believed that the consultation on the programme and budget process in November 1996 was a welcome innovation which should be continued, and it also approved the idea of interim reports on programme implementation. The savings under major programme 220 were in large measure indirect savings from the reform of the Conference, the Governing Body and reductions in the programme of meetings. Committee members should take note of what was said about additional costs resulting from more frequent sessions of Governing Body committees because there was a risk of making false economies. Major programme 235 (Public information) already showed substantially improved performance, reflecting the success of the Office in addressing such high-profile issues as globalization, trade liberalization, and also basic workers' rights and child labour. The strategy of developing specially tailored media tools, backed up by a network of personnel media contacts, was a good idea and the intention to strengthen audiovisual work was particularly appropriate. The notion of raising media awareness and the responsibilities of ILO external offices offered prospects for a better global presence for the ILO, and it should be remembered that the ILO had particular responsibilities for the provision of information to constituents as well as to the general public. The Workers noted that major programme 240 (International relations) remained unchanged. Its work was of considerable importance and the Workers commented on it regularly in the Governing Body, especially in the Committee on Employment and Social Policy. The fundamental objective was to project ILO thinking, principles and priorities

throughout the UN system, at the same time guarding against any moves in the opposite direction which might undermine the ILO's distinctive role. More than ever, the ILO needed to institutionalize its relations with the IMF, the World Bank and the WTO. These organizations had recently concluded cooperation agreements and the ILO could not afford to be left out.

342. The representative of the Government of the United States, on behalf of the Government group, expressed appreciation for the services provided by the Relations and Meetings Department. However, documents were often received too late to review and coordinate internal policy positions and consult other governments, which affected the ability of member States to prepare for meetings and contribute to committee discussions. This was probably not solely the responsibility of the Relations and Meetings Department but members would appreciate a greater effort from the Office in the preparation, clearance, approval, translation and distribution of documents. Document distribution on the Internet had also been subject to delays but no doubt the Office was working to improve this service. The Governing Body and committee agendas were quite complex and it was useful to have group discussions beforehand so the Office should ensure that adequate resources were made available for these meetings.

343. The representative of the Government of Germany agreed with the previous speaker but stressed that the distribution of documents by Internet should not delay the dispatch of documents by conventional means. It would be useful to have more information from the Office on why there had been increases in official travel in major programme 60 by 40 per cent, major programme 180 by 42 per cent, and major programme 235 by 63 per cent.

344. The representative of the Government of the United Kingdom shared many of the views expressed by the Employers and Workers on programmes in this section, but wished to add a few specific comments. Major programme 160 (Personnel) was one of the most important in the Organization. The increased emphasis on personnel policy and the resources allocated to training would enable staff to make a better contribution to the work of the Office and to progress within it. Developments in information technology should mean that activities could concentrate more on policy functions linked to staff training and development rather than on mechanical functions related to personnel administration. Major programme 175 (Internal administration) had seen a cut in resources compared with the previous biennium and it was perhaps unfortunate that it was such an easy target in the search for savings. Great strides had been made in major programme 185 (Information technology and communications) and the Office deserved congratulations for the way in which it had embraced modern technology. Major programme 200 (Programme and management) had set an impressive example as a user of new technology. The Office had made good use of the opportunities offered by the Internet but paper documents should continue until this technology was more widely used. However, electronic communication was the way of the future and ultimately official documents in all languages should be transmitted via this medium. No other ILO programme possessed the overview of major programme 200, which played a vital role in strengthening the coherence of the ILO's activities and in promoting this practice. It carried out very good work in evaluation and internal audit and had many achievements in

management advisory services already to its credit. The search for savings and greater efficiency was an essential function of this major programme. The United Nations Efficiency Board had achieved a great deal recently and its example was being followed by other specialized agencies. It was a pleasure to say, however, that the ILO had nothing to learn from the United Nations in this regard. At the same time it would be useful to know whether the ILO had a target for efficiency savings in the coming biennium. Such a target could be a helpful internal incentive for the redistribution of resources to more effective uses. He expressed support for the comments of the spokesperson for IMEC, who had expressed gratitude to the Office for its constructive and helpful response to questions raised during the discussions of the last few days.

345. The representative of the Government of the United States strongly endorsed the Workers' view that the ILO should develop stronger links with the international financial institutions. This was an important activity and in future should perhaps be included in the discussion of the main programmes. In major programmes 160, 170 and 175 the Office should continually review human resource needs in the light of technology advances, and repetitive tasks should be transferred to computer as far as possible, a process which should be facilitated with the full implementation of PERSIS. The savings in major programme 175 were welcome but from the information given it was hard to identify what work was contracted out and what was done in-house. In all these programmes there should be continuous rather than occasional reform, and she expressed support for the proposal to introduce a new financial management system as soon as possible. In major programme 180 (Publications) she expressed support for the publications policy adopted by the November 1996 Session of the Governing Body and hoped that it would produce relevant and marketable publications that would enhance the ILO's prestige. She endorsed comments by previous speakers that, although the need for staff travel was a management decision, the Office should take appropriate measures to ensure this was done at the lowest cost possible so that savings could be used elsewhere. She agreed also with previous comments about major programme 200 (Programming and management) and expressed appreciation for the strategic planning and internal oversight activities being carried out under this programme. In due course it would be useful to see the evaluations of the MERS system and especially how it was hoped to reallocate resources to better use. Finally, it would be useful to know why expenditure on the Worldwide Web was dealt with under major programme 200 instead of 185, and also why the recruitment and training of secretaries was dealt with under major programme 220 instead of 160.

346. The representative of the Government of China referred to major programme 220 (Relations, meetings and documents services) and remarked that very few documents appeared to be issued in Chinese. These made it extremely difficult for his country to participate effectively in the work of the Organization and it also made it difficult for Chinese experts to work on the subject in their own country. A similar problem appeared to exist with the Russian and Arabic languages and he urged the Office to increase the resources available under major programme 220. He also urged the Office to distribute documents earlier so that delegates were properly briefed before coming to Geneva.

347. The representative of the Director-General (the Treasurer and Financial Comptroller) replied to comments concerning major programme 170 (Financial services), 175 (Internal administration) and 185 (Information technology and communications). He confirmed that the ILO accounting system was a patchwork of old programmes which had reached the end of their useful life and could not be adapted for future needs. On a practical level there were serious problems in working with such an old system. For example, the Office had trouble meeting the reporting requirements of some donors, and retrospective payroll adjustments required laborious manual calculations. The Office was proposing to use its own in-house expertise and was allocating about $150,000 for consultants in the 1998-99 biennium to make recommendations on new accounting systems. This was a major exercise and its complexities should not be underestimated. It was difficult to give a precise figure for the full undertaking at this stage but the total cost would be in the order of $10-15 million, using a modular approach and spreading the installation over five to six years.

348. In reply to Mr. Gray's query concerning decentralization, he recalled the recommendations on this matter contained in the External Auditor's report on the 1994-95 biennium. There were three main points: first that there should be sufficient resources at headquarters to monitor all activities decentralized to field offices, second that there should be enough properly qualified staff in the field to keep proper accounts as required under the Financial Regulations, and third that there should be regular training sessions for financial staff in field offices.

349. A number of speakers had asked what the Office was doing to reduce travel expenses. In Geneva, all travel was organized with the in-house travel agent. The present contract expired at the end of 1997 and the Office had drawn up a detailed list of requirements and invited a number of Geneva travel agencies to tender for the contract. The Office was making determined efforts to get the best prices and keep travel expenditure as low as possible. In recent years total travel expenditure in Geneva for all sources of funds was as follows: 1988-89 — 24.2 million Swiss francs; 1990-91 — 28 million Swiss francs; 1992-93 — 29 million Swiss francs; 1994-95 — 22.7 million Swiss francs; and finally in 1996 — 8.4 million Swiss francs. In 1996 the Office had saved about 967,000 Swiss francs through the purchase of discount tickets in the so-called "grey market". The Office was exploring many different possibilities for saving money, and it was hoped that special arrangements could be concluded with the Swiss national carrier.

350. In reply to a query about the Enterprise network, the Treasurer replied that it was essentially a whole series of local area networks designed to connect all ILO officials worldwide on a computer network with e-mail communications, as well as access to the ILO Intranet and data files, all at a very modest price. In a reply to a query whether user departments would be able to cope with the devolution of responsibilities to user departments, it would be for the departments themselves to decide when they wanted to take responsibility for their own applications. At that time they would be given guidance and resources to ensure the transition was successful.

351. A representative of the Director-General (the Deputy Director-General responsible for relations with UN system organizations and the Bretton Woods

institutions), also replied to a number of queries. Much interest had been expressed in the publications programme and this obviously reflected the concerns of Members about carrying forward the publications policy discussed at the Governing Body Session in November 1996. In reply to the concern expressed by Mr. Marshall about the need for a more effective marketing strategy for the Publications Bureau, she said this was already being put in place and was intended to be part of the programme in the 1998-99 biennium. The Office would be hiring a marketing manager who would help in developing a survey of customer demand for publications issued under the ILO label. Research topics would be determined by the technical departments but an advisory committee had been established that would review all plans for research and work with the technical departments to develop a comprehensive strategy for publications. The primary role of the committee would be to assure the quality of publications and the specific research fields would be decided by technical departments. The Publications Bureau would aim to improve the quality of all publications, including the *International Labour Review* which would be reduced from six to four issues per year. A number of speakers had expressed concern about the need for ILO publications in as many languages as possible. The focus was necessarily on the language of the author to begin with, with translation into other languages as it became possible to do so. In some cases sales revenue covered the cost of translation and publication in an additional language, in others supplementary funding was necessary. In 1996, 23 ILO publications were issued in English, plus seven external publications in English by ILO authors. There were eight publications with French as the original language, and there were eight ILO publications in Spanish plus two externally published. There tended to be more authors in English but the Office was looking closely at the task of translating into languages where there was a good market for those publications. An effective marketing strategy meant reaching out to customers and the expense of doing so was reflected in the increased travel budget for the Publications Bureau. In reply to comments about the work of the Library, she explained that the Library had a training function which had traditionally been financed by RBTC funds within the Library budget. These had been transferred to the regions and the Library staff were confident that they would be able to work closely with the regional offices to develop more efficient regionally targeted training programmes with these resources. Under major programme 240 (International relations) a major focus had been, and would continue to be, the institutionalizing of the relationship between the ILO and the Bretton Woods institutions. This was especially important this year in view of the forthcoming visit of the President of the World Bank to the ILO Conference in June.

352. The Director-General recalled his earlier remarks that all the programmes under section D had come in for major reductions over the past few years.

353. Listening to the statements that had been made, he was struck by how quickly the ILO was reaching the limit of efficiency. There was a contradiction here. On the one hand, the Committee welcomed the savings that had been made but, on the other hand, it was not necessarily ready to accept — or at least had some doubts about accepting — that the increases which the Office felt were necessary for the system to function were fully justified.

354. An illustration of this contradiction was the issue of why travel costs had increased. Yet it was obvious that, if as many operations as possible were to be decentralized in order to make savings, the personnel and financial management had to be such as to put well-trained and properly equipped officials in the field and thus avoid a series of management errors or mistaken interpretations of the Staff Regulations.

355. This was essential if management as a whole was to be efficient.

356. Another example was that people were very satisfied about the savings made under major programme 220 (Relations, meetings and document services) yet they were finding that it was difficult to hold certain meetings. It was obvious that there was not going to be much scope for further savings in the next few years. Then again, there was the contradiction of wanting to introduce technical innovations that did not replace the previous system. The new services were better but they cost more.

357. All these points had to be taken into account when analysing how the programmes as a whole could be more efficiently managed.

358. The Director-General went on to comment on certain specific areas. With regard to the Personnel Department, it was not just a question of switching from a department responsible for staff administration to a system of human resource management. An international organization like the ILO should have no illusions; staff administration was far more important than in any private enterprise, but the focus should be more and more one of human resource management. A more open recruitment procedure such as had been asked for entailed additional costs in terms of programmes. This would be discussed further next week.

359. It was worth recalling that over the past years the ILO had managed not to compromise on the quality of its staff and to make sure that it was representative of all the regions of the world. Statistics showed that in just a few years an organization that had been very Eurocentric in terms of staff had now become less European. Over the past ten to 15 years the number of senior staff from all regions of the world had increased. A real effort was also being made to establish greater equality between men and women on the staff.

360. The delay with PERSIS was partly due to internal difficulties but more than anything to the problems which the parent United Nations system had come up against.

361. Turning to major programme 200 (Programming and management), he said that the Office had set up an evaluation system called MERS on an experimental basis. It had been introduced in a number of departments and branches and the decision had just been taken to move on from the experimental stage to a fully operational phase. In another words, MERS was going to be introduced throughout the Office, but as part of a proper system of management by objective that would involve all the members of the General Management.

362. The fact that today all the members of the General Management had replied sector by sector to the questions for which they were responsible was an indication of how things were changing.

363. In November it would be possible to carry out the budget implementation evaluation that had been asked for. The evaluation would be conducted through MERS and would show how efficient and useful the system could be. It would be an excellent opportunity for an in-depth examination of the effectiveness of the system, not only for the Office but as part of the overall supervisory work of the Governing Body.

364. Hopefully, it should be possible both to improve management efficiency and put the Governing Body in a better position to monitor what was going on.

E. Other programmes (major programmes 290-296 inclusive)

365. Mr. Marshall, for the Employer members, noted that under major programme 295 (Unforeseen expenditure) there was reference to a 1982 Governing Body decision concerning the establishment of this provision at a realistic level. It might now be appropriate to review this level in the light of current needs.

366. Mr. Gray, on behalf of the Worker members, observed that the savings in major programme 290 (Other budgetary provisions) were due entirely to the generosity of the Swiss authorities in allowing a reduction on loan repayments for the ILO building and this should not disguise the fact that expenditure under other headings in this programme had increased. With regard to major programme 295 (Unforeseen expenditure) the Workers could only express their regret once more that the Director-General had again found it impossible to raise this budgetary provision to a more realistic level. The result was to build greater inflexibility into programme implementation and it gave rise to the same concern that the Workers had already expressed in respect of the programme flexibility reserve under major programme 145. In conclusion, with regard to major programme 296 (Working Capital Fund) the Workers approved the maintenance of the present level of $35 million.

367. The representative of the Government of Canada agreed with the comments of the Employers and the Workers on major programme 295. There were a number of important events which would take place before the beginning of the 1998-99 biennium and the flexibility called for in the IMEC statement might usefully begin with major programme 295.

368. The Director-General observed that throughout the day his colleagues had tried to give the Committee very precise replies to the questions raised. He then went on to indicate the major conclusion on which he would base his reply to the discussion on the following Friday and his proposed adjustments.

369. Last year he had undertaken to submit a budget that was equivalent to that of 1996-97, as adjusted in the light of the debate in 1995. The draft budget that was now submitted to the Committee amounted exactly to the figure that had been approved at the time. He had also promised to try to compensate for inflation but the budget proposed did not do so. It contained a provision for inflation, which meant that the budget proposals were higher than the adjusted expenditure for 1996-97.

370. The Director-General had noted the comments of certain Government representatives on the overall total, and he intended to prepare adjustments to the

budget that would as far as possible take into account all the comments that had been made. He hoped thus to be able to submit a budget to the Committee that would be equivalent to that of the expenditure adjusted by the Governing Body for 1996-97, without inflation. Friday's debate on the budget would be looking at additional savings of about $11 million.

371. The Director-General intended to make these savings in two ways. Half would be achieved through across-the-board cuts in non-staff costs, i.e. general improvements in productivity and a reduction in travel costs. This would involve the whole of the budget and the whole of the secretariat and it should be possible without jeopardizing the programme of activities. The other half would come from specific cuts in programmes. The Director-General wanted the Committee to know this right away, so that informal contacts could take place over the next few days and so that Friday's discussion did not become hopelessly bogged down. He added that some departments had already been bled almost dry in previous biennia and could hardly be expected to offer any further cuts in their programmes.

372. The Director-General had heard the compliments that had been made to Mr. Kirszbaum and his team, but he did not think that he could ask them to respond to all the requests that had been made without some increase in the budget. There would have to be some serious cuts if several million dollars were to be economized. He hoped that the Committee would be able to reach agreement on a balanced programme. It still had a few days to agree on the most appropriate solutions and to reach consensus on the budget.

373. At this point the Committee concluded its discussion of the programmes by major group and adjourned to enable the Director-General to reconsider his programme and budget proposals in the light of the various views expressed by its members.

Geneva, 26 March 1997.

(Signed) C. Gray,
Reporter.

INTERNATIONAL LABOUR OFFICE

GB.268/7/3(Add.1)
268th Session

Governing Body

Geneva, March 1997

SEVENTH ITEM ON THE AGENDA

Reports of the Programme, Financial and Administrative Committee

Third report — Addendum

1. The Programme, Financial and Administrative Committee of the Governing Body met on 21 and 25 March 1997 under the chairmanship of Mr. Arrate MacNiven, Chairman of the Governing Body. Mr. C. Gray (Workers' spokesman) was the Reporter.

Programme and Budget proposals for 1998-99
(Sixth item on the agenda)

2. When the Committee resumed its discussion of the Programme and Budget proposals for 1998-99, the Director-General made a statement on the adjustments to the original proposals which he had found it possible to suggest. This statement is reproduced in Appendix III.

Further discussion

3. The Committee had before it a document[1] containing the Director-General's suggested adjustments to the Programme and Budget proposals for 1998-99, which were considered together with the Director-General's oral statement to the Committee. Tables showing details of the adjustments to the initial proposals are shown in document GB.268/PFA/6/3, which is reproduced as Appendix IV to this report.

4. Mr. Oechslin said that the Employers had examined the Director-General's proposals and had found proposal C, concerning the reorganization of General Management, unacceptable both in form and substance. It was not logical to compare an organization as complex as the ILO to enterprises because the ILO was a political as well as a technical organization. Other international organizations were turning increasingly to regional structures but account had to

[1] GB.268/PFA/6/3.

be taken within the ILO of tripartism and the need to find room in the management team for all sensitivities. The current structure, which might not be the best possible, took account of this need and at the same time gave the ILO highly qualified staff who were capable of carrying out a full range of technical functions.

5. Members of General Management were not officials like the rest of the staff; the proof was that these appointments were subject to consultation with the Officers of the Governing Body. Without wishing to erode the responsibility of the Director-General, the Employers believed that the structure of General Management could not lie outside the responsibility of the Governing Body. This did not mean that the present structure could not be improved and simplified or that it was sacred; only that it should be the result of prior consultation and discussions, and take account of the legitimate sensitivities of all concerned. In particular, it should not be based on such matters of chance as the date of a person's retirement. If this proposal were maintained, the Employers would certainly be unable to vote in favour of the budget either at this Committee, the Governing Body or the Conference.

6. The Employers had reservations also on some of the other proposals, and if more consideration had been given to some of their suggestions other economies might have been possible. Examples included some activities in major programme 125, which could have been dealt with more effectively elsewhere. The Employers had also asked for more resources for major programme 225 but there had been no reply on this point. In the present circumstances increases were not easy to make, but a reply from the Director-General outlining solutions for the future that were not necessarily of a strictly budgetary nature would have been appreciated.

7. Mr. Gray, on behalf of the Worker members, referred to part A of the Office paper which proposed reductions in the level of the budget equal to the provision for cost increases relating to non-staff costs. From the Office paper it was not clear how these reductions were to be applied, but one possibility was for a country's activities to be adjusted in accordance with its rate of inflation. The Workers could not agree to an automatic adjustment of this kind and urged the Office to look for a more equitable way to spread the burden of the reductions proposed under this head. The Workers agreed in principle to the idea of reducing travel costs but this should not become an obsession to the point where physical travel was replaced by faxes and e-mail. The ILO's work in the field could not be properly effective without visits to offices and programmes in the field. It should be possible to make savings through negotiation with the agents who handle ILO travel and this would be a better approach than making an across-the-board reduction.

8. Turning to Appendix 2 of the Office paper, the Workers were pleased that the work item on structural adjustment, employment and the social partners had been changed into an action programme. The Workers were concerned that there was nothing in the current proposals that reflected the proposal by the Director-General at the November 1996 Session of the Governing Body to integrate multinational enterprises into the programme on enterprise and cooperative development. This was the proper place for it and the move would

probably bring savings in staff costs as well. The Workers agreed to the deletion of the work item on the labour and social implications of genetic screening, to the addition of two days to the Meeting of Experts on Labour Inspection and Child Labour, and to the addition of resources for the Meeting of Experts on Ambient Factors in the Workplace. They would prefer the reinstatement of the action programme on the contribution of industrial relations to regional economic integration.

9. The representative of the Government of the Islamic Republic of Iran, on behalf of the Asia and Pacific group, expressed general support for the adjustments in the light of the earlier discussion in the Committee. They too were concerned at the possibility that a country's activities could be adjusted to reflect its rate of inflation, and strongly believed that in view of regional needs the resources for the region should be increased. If there were to be any reductions they should not affect the content or the quality of technical cooperation activities and programmes, which should be supported by adequate resources for travel.

10. The main concern of the Asia and Pacific group, however, was the proposal in part C of the Office paper concerning the reorganization of General Management. The information on this proposal was very general and it would be useful to have more detail on exactly what was proposed which, in any case, should be in line with previous discussions in the Governing Body on this matter.

11. The representative of the Government of France expressed support for the revised proposals, and noted with approval that the adjustments still left priority programmes intact. However, the proposal to reorganize General Management gave rise to serious concern, especially as it followed so closely on a proposal the previous year to create a new post in the Directorate. This was not the time to be looking at a reorganization of management and these economies should be sought elsewhere.

12. The representative of the Government of Germany thought the proposals were a well-balanced reaction to the earlier discussion in the Committee. Although management should not be exempt in the search for savings, the proposed reorganization was a sensitive matter and he supported the proposal by the representative of the Government of France.

13. Mr. Brett said that discussion on budget adjustments was always difficult because it was almost impossible for a proposal not to receive an objection from some quarter, and if these proposals were rejected, then savings would have to be found elsewhere. He asked if the Office could supply details on the cost of the Second Enterprise Forum and supported Mr. Gray's comment that transferring multinational enterprises to the programme on enterprise and cooperative development would save money and be more logical. He urged the Office to look again at this proposal.

14. The representative of the Government of Mexico, speaking on behalf of a number of Governments of the Americas, agreed that reductions should not affect technical cooperation programmes and that there was not sufficient information to decide on the proposal for the reorganization of General Management. He opposed the reduction to major programme 260 (Field programmes in the Americas) because already it had the smallest increase among regional field programmes compared with the present biennium.

15. The representative of the Government of Japan expressed full agreement with the statement by the spokesman for the Asia and Pacific region and with the principle that reductions should not affect technical cooperation activities. He also agreed that it was too early to take a decision on the proposal for the reorganization of General Management.

16. The representative of the Government of Canada expressed appreciation to the Director-General for his efforts to absorb the increases for inflation. She supported the proposals generally, including that to reorganize General Management, but considered it should be studied in more detail before taking specific decisions.

17. The representative of the Government of Panama agreed that more information was required before taking a decision on the proposal to reorganize General Management. He supported the suggestion put forward by the representative of the Government of Mexico that reductions should not affect technical cooperation activities in the Americas because it had been favoured much less than other regions in the increases proposed for the next biennium.

18. The representative of the Government of Sweden said that in the light of the proposed adjustments, he was even more disappointed now with the budget for the next biennium than he was two weeks ago. Even the original proposals did not constitute a document that could serve as a basis for decisions by the Governing Body. The main area of concern was not so much the level of the budget as its content, and with properly justified proposals he would even have considered an expansion of ILO activities. The cuts being proposed did not concern matters of efficiency and transparency and it was disappointing to see that discussion appeared to be focusing on the level of travel costs and senior posts in the Office.

19. On both these proposals it was difficult to know whether members of the Governing Body could, or even should, express an opinion because both were first and foremost managerial decisions for the Director-General to decide. The Governing Body might sometimes argue against his proposals but it would be quite wrong to tie his hands on managerial and personnel matters. He expressed the hope that in future the Governing Body would be given programme and budget proposals to consider that showed a clearer connection between the goals of the ILO and the programmes to reach them. The aim should not be to satisfy members of the Governing Body but to help the millions around the world suffering from poor working conditions, unemployment, poverty and misery.

20. The representative of the Government of the United States agreed with previous speakers who had expressed appreciation for the adjustments put forward by the Director-General. Some of the proposals appeared to be too controversial to win full support in the Committee so it might be useful to have other proposals to consider to achieve the reductions sought. Major programme 10 (International Labour Conference) were based on six Conference agenda items and reducing them to four could save up to $1 million without jeopardizing priorities. Major programme 125 (Development policies) included activities concerned with education on family welfare and reproductive health, which hardly fell within the ILO's mandate. It would be useful to know the cost of these activities to see how much could be saved if they, like the genetic screening programme, were deleted.

She expressed support for the suggestion to include the proposed maritime commission in major programme 100 (Sectoral activities) but it would be useful to see if other meetings under this programme could be postponed or perhaps even eliminated. Developing countries were clearly concerned that reductions should not affect technical cooperation activities but this would be easier to do if there was a clearer presentation showing the full resources devoted to these programmes. If the Office could examine these proposals in detail it should be possible to reduce the budget even further.

21. The representative of the Government of Finland expressed support for the proposals of the Director-General as they stood. They were a well-balanced and responsible reaction to the earlier comments of the Committee but he would keep an open mind on any further adjustments agreed by consensus.

22. The representative of the Government of Nigeria, on behalf of the African member States, expressed regret that the Committee found itself having to discuss reductions to the budget for the next biennium. One of the main difficulties for the ILO was that some member States paid only a part of the contributions, while others were unable to pay anything. Whatever efforts were made to solve this problem, whether by campaigning for increased financial contributions from the larger member States, or by evaluating again the procedures for assessing member States, the African members urged that there should be no cuts in either technical cooperation or field programmes. They also believed it was too early to decide on the proposal concerning the reorganization of management, and suggested that perhaps it could be taken up at the next session of the Governing Body.

23. The representative of the Government of Brazil expressed full support for the remarks made by the representative of the Government of Mexico.

24. The representative of the Government of Italy appreciated the Director-General's amended proposals and suggested that the Office might be able to identify short-term savings by postponing meetings and longer-term savings by the reorganization and possible merger of some departments and programmes. He also supported previous speakers who suggested that a decision on the reorganization of management should not be taken before more detailed discussion.

25. The representative of the Government of South Africa agreed with the comments of the representative of the Government of Nigeria. Since the end of the cold war there had been a sharp increase in the demand for ILO services and this, coupled with the non-payment of contributions by member States, made the Director-General's task extremely difficult. He agreed with the representative of the Government of Sweden that the Governing Body should not be concentrating on budget cuts. Members should ask themselves what sort of ILO they wanted for the twenty-first century, and aim more at the promotion of social justice as outlined in the Declaration of Philadelphia and the Constitution. This could hardly be achieved if the Committee was looking at budget cuts for programmes involving children in work, working conditions for women, alleviation of poverty and many other technical projects.

26. The Director-General, replying to the representative of the Government of Sweden and other representatives who had spoken on the revised proposals,

regretted having to make further cuts and feared that the process would not stop there.

27. In reply to the representative of the Government of Nigeria, spokesman for the African group, he said that the Committee had to take its responsibilities and not prolong the debate right up to November. The Governing Body would also have to assume its responsibilities so that the Conference could adopt a budget that would enable the Organization to function in 1998-99. Consequently, the Committee had no option but to take a decision.

28. The Director-General referred to the documents calling for programme cuts. Since a reduction of around $11 million had been asked for, that was what he was proposing to the Governing Body. The Committee appeared to have accepted all the measures he had proposed except one. With regard to inflation there was no question of penalizing a country just because its rate of inflation was higher than another. The Committee had to take into account all the different situations and adopt a general measure with due regard for the specific circumstances of certain countries or certain regions.

29. The same consideration applied to travel costs where a 10 per cent reduction had been proposed. During the general discussion the Treasurer had already mentioned that the Office was planning to take advantage of changes in the international travel market so as to limit the impact of this reduction as much as possible. There would have to be a certain degree of flexibility so that regions where links were indispensable were not penalized by the fact that less costly arrangements might be found for other regions.

30. The Director-General acknowledged Mr. Gray's comment that the problem of MULTI had to be looked at in a more general perspective. In the light of the previous day's discussion and those that would take place the following Monday on the problem of globalization and the role of the ILO, every care should be taken to see these issues in the broadest possible context. A decision could not be postponed much longer, and he intended to submit proposals as early as possible, bearing in mind Monday's discussion on the subject and the Governing Body's comments on the LILS Committee's conclusions.

31. Reverting to the question of the $11 million, the Director-General observed that the only point on which there was still disagreement was the reform of General Management. Clearly, if the saving of $2.3 million was not made under this heading, it would have to be made elsewhere. That could not be done simply by refining the measures that had already been taken, and he did not see how it was possible to avoid a number of programmes at headquarters or in the field being affected. He suggested that the Committee should think again before rejecting his proposal.

32. In his view the only real question was whether or not the Governing Body thought that the Office could function with six General Management posts at headquarters. If not, $2.3 million had to be found in savings elsewhere. He did not intend to identify specific posts for suppression; that would have to be part of the general package once the reduction had been approved. There was currently an incumbent in each of these posts, and the Director-General could not suggest that one or other might be eliminated without giving the impression that he was attacking the person, country or group concerned. He suggested that the

Committee should decide on the principle, which would only be applied at the start of the next biennium.

33. Turning to Mr. Oechslin's observations, he said that the ILO was not the kind of organization that could not function with six General Management posts at headquarters, plus five regional posts. No organization, however complex, needed more people than that to function.

34. In reply to the questions posed by the representatives of the Governments of the Islamic Republic of Iran, Japan and Mexico, among others, the Director-General said that it was his responsibility to propose an appropriate structure to the Governing Body and corresponding appointments that took into account the diversity of the groups. The ILO was a complex organization and due account should be taken of its diversity.

35. The questions to be answered were whether the Organization could operate with only six posts; whether the Committee agreed with the Director-General that the Governing Body should in due course discuss the structure of the General Management; and whether it agreed to discuss the corresponding appointments. If there was agreement on these three points, the saving of $2.3 million would be possible.

36. Reverting to Mr. Oechslin's statement, the Director-General said that he had never suggested that it was the end of the person's contract that should determine whether or not the post was maintained. It was not because a post fell vacant that it should be suppressed. However the fact that several posts would become vacant over the next two years would make it possible for the Governing Body to make a choice. He repeated that he had no intention to prejudge the choice of posts without discussing the matter with the Governing Body, which had to confront two issues. Did it feel that six posts were sufficient for the next biennium and for future biennia? Secondly was there agreement that the Director-General should take no decision on the matter and leave it to the Governing Body to decide in due course? If the reply to both questions was yes, he would not have to come back to the Governing Body with some painful and difficult choices. If the answer was no, and the nine posts were to remain, then he would have to propose a further $2.3 million in cuts to the Governing Body.

37. The Director-General repeated that he did not intend that any particular post should be suppressed right away or when the corresponding contracts came to an end. But he was asking the Governing Body, because he was convinced that it was possible, to allow the International Labour Organization to function with six General Management posts at headquarters.

38. Mr. Oechslin, speaking on behalf of the Employers' group, stated that, following discussion by his group, there was still opposition to point C of the paper under discussion. The procedure outlined by the Director-General involved the cutting of three ADG and DDG positions and distributing the duties associated with those posts among the remaining six posts. That procedure was considered unusual in that it seemed to put the cart before the horse and it was not clear as to how many senior directorate posts were really necessary. It would be useful to carry out a study and discuss the structure of the directorate at some time and to determine the optimum number of advisers available to the Director-General. It was also not clear as to how and whether the proposed ADG and DDG positions

would eventually be reinstated. Although no specific posts had been identified, certain positions were considered very important by the Employers, especially that relating to the Institute for Labour Studies.

39. The Employers did not agree with the comments made by the representative of the Government of Sweden. The Employers had always given priority to programmes and not to budget levels, and their opposition to point C was based on the Organization's fundamental values, especially that of tripartism which presupposed equal and fair treatment for all three groups. It would be a very serious matter if the Organization adopted a decision when one of the three groups had voiced its formal opposition to it. It was imperative that cohesion was maintained within the Organization, particularly at a time when it was going through a turning point in its history.

40. With regard to multinationals, which were referred to by the Workers earlier, the text of the declaration was indeed an important one which had been adopted by consensus and which required acceptance by the international enterprises. That acceptance was based on the confidence given to the Organization's monitoring mechanism as well as to its impartial interpretation of the declaration. The workings of the ENTERPRISE department were a completely different issue since that department dealt primarily with enterprise development and employment creation.

41. Mr. Brett, for the Workers, was surprised by the support given to the declaration by the Employers considering the lack of support shown in the past. With regard to General Management, members had traditionally reflected geographical as well as Worker/Employer group interests, and such an arrangement should not be changed, especially since certain regions were already underrepresented. He also requested further information regarding the identification of the posts involved as well as the timing of associated savings. The removal of DDG or ADG posts should not result in the reversing of policy decisions such as those taken previously concerning the Institute.

42. Replying to Mr. Oechslin, the Director-General wondered whether the proposal he had just made really involved putting the cart before the horse. He found that, very often in the PFAC, supposed ulterior motives were often given more importance than what was actually said or done.

43. He was trying to propose cuts that would be as effective and painless as possible.

44. Everybody appeared to consider the proposed suppression of three General Management posts rational. Nobody contested that. The only problem was the supposed ulterior motives and the possible repercussions of these proposals.

45. There were two ways of looking at Mr. Oechslin's statement. The first was to assume that, for the Employers' group, being represented on the management team meant that the number of posts stayed as it was, at nine. If that was so, the Director-General would have to withdraw his proposal and make others.

46. The second interpretation was that Mr. Oechslin was not against the idea of there being six posts on principle, but was worried that the post currently held

by a representative of the Employers' group might not be renewed until a new structure of the General Management had been proposed.

47. The Director-General made one last proposal which would mean cutting the planned saving of $2.3 million by half. If the Governing Body were to agree now to the Office functioning with six General Management posts in Geneva as from 1998-99, the Director-General could then submit proposals to the Governing Body in March 1999 on how he intended to structure the General Management.

48. The posts concerned would then be filled to the end of March 1999. In the first place, this would mean a saving of three posts for one year of the biennium; secondly, the Director-General would propose an organizational structure with six posts; thirdly, he would in consultation with the Officers of the Governing Body fill the posts that became vacant. However, that also meant that there would be no savings until March 1999; in other words, the post that the Employers' group was concerned about would be filled until March 1999. There would then be every hope of having a more rational structure than at present, and the post concerned would be filled — which would at the same time dispel any suspicion to the contrary.

49. Before the Committee rose, the Director-General explained further his proposal that they make only half the saving initially planned under General Management, i.e. $1,250,000. The other half of the $2.3 million could be saved in the following way: under major programme 220 the Office had identified $250,000 that could be economized in typing services by suppressing one General Service post and certain other non-staff costs; under major programme 145 the amount earmarked for enhancing the usefulness of ILO databases could be cut by $70,000; under major programme 290 $387,000 could be economized by doing away with the provision for a contribution to the Building and Accommodation Fund, since the Office was currently trying very hard to rent out one entire floor of the building; and $100,000 could be saved by cutting certain overlapping activities in major programmes 60 and 125. To this total of $807,000 could be added $412,000 deriving from a cancellation of the two forums that had been scheduled in the programme and budget proposals, or $345,000 deriving from the cancellation of two symposiums scheduled under major programmes 225 and 230 (International Symposium on the Future of Employers' Organizations, and International Symposium on Trade Unions and the Informal Sector), or $430,000 by postponing one of the sectoral meetings.

50. Depending on which of the last three suggestions was adopted, the total saving would be $1,219,000, $1,152,000 or $1,242,000.

51. The Committee then proceeded to a discussion of a paper submitted for its consideration by the Government of the United Kingdom, and a second paper submitted by the IMEC Governments.

Resolution for submission to the International Labour Conference as presented by the Government of the United Kingdom

52. The Committee had before it an amended text (reproduced in Appendix V) for the resolution to be submitted to the 85th Session of the International Labour Conference (June 1997) concerning the budget of expenditure and income for the 66th financial period ending 31 December 1999.

53. Mr. Brett, speaking on behalf of the Worker members, gave their wholehearted support to the proposal.

54. Mr. Marshall, on behalf of the Employer members, endorsed the proposal which reflected sound management practice.

55. The text of the resolution was approved, subject to further discussion concerning the level of the Programme and Budget for 1998-99.

Proposal by the IMEC Governments

56. The Committee had before it a proposal by the IMEC Governments (reproduced as Appendix VI) concerning the presentation of programme and budget proposals.

57. The representative of the Government of Mexico, speaking for the Americas group, gave their full support to the proposal.

58. The Director-General said that he had no objection to section B of the appendix to the IMEC group's proposal, but was surprised at section A. He did not understand very well what type of document the Office would have to prepare for the Conference compared to what had already been submitted in the budget proposals and discussed by the Committee. Mr. Kirzbaum, responding to a number of questions that had been raised during the debate on the budget, said that he found it very difficult to see what more information the Conference could be given in June than what had already been submitted to the Governing Body.

59. Mr. Brett, on behalf of the Worker members, gave their support to Part (B) of the proposal. However, they did not see the need for a further document as called for in Part (A) unless the IMEC Governments were seeking to reopen the budget debate completely at the International Labour Conference, a possibility that would be better avoided.

60. Mr. Marshall, on behalf of the Employer members, supported the proposal, although he took note of the comments made by the Director-General and the Worker members. It would be useful if the IMEC Governments could explain why they believed a paper prepared for the Conference would be appropriate.

61. The representative of the Government of Canada, speaking on behalf of the IMEC Governments, welcomed the endorsement given to Part (B) of the proposal. While the Office had given much of the information that had been requested during the discussion, particularly in document GB.268/PFA/6/S2, the IMEC Governments believed that some additional information would be helpful and that the Conference would benefit from the summaries that had been given being presented in an integral form. There was no intention that the budget

discussion would be reopened, either in regard to the allocations or to the level of the budget.

62. The Director-General repeated that he did not see what more the Office could offer in June than it already had. The reports of the PFAC and of the Governing Body were available, and all the Conference delegates would therefore have full access to all the necessary information.

63. To make things absolutely clear, he repeated that the Office really did not see what kind of document was expected. He did not want there to be any misunderstanding, and the Office to be asked to do something that it was unable to do.

64. The representative of the Government of France agreed that some of the information requested in the proposal had already been provided by the Office. He emphasized that the proposal only asked for information to the extent that it was possible.

65. Mr. Marshall thought it would be useful for all constituents to have a document which outlined the main objectives and sub-objectives of the Organization, and the contribution of the major programmes, the action programmes and the research activities to those objectives, so that everybody could understand the strategic approach being developed by the Office. The Employer members endorsed the proposal by the IMEC Governments.

66. Replying to Mr. Marshall, the Director-General said that the answers had already been given and would be included in the report of the PFAC. It was not that he was not willing; it was just that he wanted to know what more was being asked for. If it was a question of the document being resubmitted, what was the point of reissuing a document that already existed.

67. Mr. Brett confirmed the Worker members' position. He suggested that the IMEC Governments should specify what information they wanted. If the IMEC Governments could not be more precise, there was no point in approving the proposal.

68. The representative of the Government of Nigeria, on behalf of the African group, said that his group had not had time to study the proposal and therefore could not express an opinion on it.

69. The representative of the Government of the United States reminded the Committee that there was a constitutional requirement that the Conference must vote on and approve the budget and that the Governing Body had a fiduciary responsibility to the Conference. During the course of the Committee's discussions there had been much debate on the presentation of the budget and how the current presentation did not show how the programme was developed, how money was spent or how programme evaluations were incorporated into future programmes. From the responses given by the Office it was apparent that this information existed and could be presented in a digestible form. The IMEC Governments wanted to ensure that the Committee's responsibility to the Conference was discharged; they wanted to be sure that the Conference fully understood what it was voting on. In the future the Committee might want to consider whether it was necessary for the Conference to examine the budget if it had already been agreed that there would be no changes to the programme or to

the level of the budget. There had been discussion along these lines in the Finance Committee in 1995. In the meantime, the information requested in the proposal should be provided. Some of it had already been supplied, but information on the major evaluations planned for the biennium as requested in paragraph (d) had not. It would be useful to have all of this information in one place.

70. Mr. Brett said that the statement made by the representative of the Government of the United States confirmed the Worker members' fears that providing this information might be used as an excuse for reopening discussion on the budget. This would not be helpful.

71. The representative of the Government of Nigeria said that both sections A and B of the paper deserved serious consideration and that the African group could not express an opinion until both sections had been fully discussed.

72. The Chairman suspended discussion on the proposal. He invited the Committee to give their views on the second set of proposals of the Director-General concerning amendments to the programme and budget.

73. Mr. Oechslin, speaking on behalf of the Employer members, thanked the Director-General for the effort he had made to reach a compromise solution but did not feel that the solution offered solved the problem. The Employers, therefore, maintained their position.

74. Mr. Brett, speaking on behalf of the Worker members, appreciated the endeavour to find a compromise but also thought it had failed. He requested that a new set of proposals be prepared for consideration by the PFAC.

75. The representative of the Government of the Islamic Republic of Iran, speaking for the Asian and Pacific members of the Governing Body, reiterated their position regarding the reduction in the posts of General Management. They thought that without any information on the programmes and the posts which would be affected, it would not be appropriate to make a decision. They hoped that the savings would be sought from other parts of the budget.

76. The Director-General concluded from the last remarks that he was being asked to make new proposals for savings of around $1,150,000. These would have to take the form of across-the-board cuts. He therefore proposed that programmes 50 to 145 be cut by $575,817, shared more or less equally among them, and that the resources for field programmes under major programmes 250 to 280 be cut by 0.4 per cent, or $74,183. This gave a total of $1,150,000 which, added to the proposals already made, gave the desired figure of $2.3 million.

77. Mr. Brett, speaking on behalf of the Worker members, asked that these proposals be made available in a paper for consideration by the PFAC. It would be preferable to have across-the-board cuts, as proposed by the Director-General, rather than cut areas which were sensitive to each group.

78. The representative of the Government of Nigeria supported the views expressed by the Worker members. He also agreed with the Employer members that the adjustments proposed should not be made in respect of General Management. The time available was too short to determine exactly what modifications were being proposed. He also requested that the proposals be made available in a paper so that they could be studied closely, and that priorities in the

subregion could be identified. With regard to the IMEC proposal, he agreed with Appendix B, but for the moment reserved his position with regard to Appendix A.

79. Mr. Brett, speaking on behalf of the Worker members, felt that the responsibility for the programme and budget selected should be borne by all members. It was the governments who were anxious to reduce the budget yet, at the same time, they voiced concern about some of the reductions the Director-General had put forward. Perhaps Government members could accept a budget that would be $2.3 million more than the one presented. It was a very small amount in terms of the budget and it would, it seemed, ease a number of problems for both the Worker and Employer members and indeed some members of the Government group who shared a desire not to cut a number of areas such as senior management.

80. The representative of the Government of Germany noted that there was some basic agreement on the Director-General's proposals for cuts with the exception of this particular item of $2.3 million in the area of staff costs. He proposed three possibilities to discuss the remaining $2.3 million. The first was to accept the Director-General's proposal, which seemed to be impossible as both the non-government groups were against it. The second was to accept the proposal made a little earlier by the Director-General to find the amount of $2.3 million through cuts in individual programmes. The third, as suggested by the Worker members, would be to cut the budget by $11 million less the $2.3 million in dispute.

81. The Chairman proposed that consultations between the Office and the various groups be held prior to the next meeting of the Committee which might help in the search for consensus. With respect to Appendix A of the proposal put forward by the IMEC group, it would be helpful if the group could give further details to the Office of the information they regarded as important and which was not currently available to the Conference. The resolution spoke of a supplementary document based on these considerations for the 1998-99 programme and budget.

82. At this point the Committee adjourned to give the Director-General time to prepare further adjustments to the programme and budget proposals.

Resumption of discussion

Proposal by the IMEC Governments

83. The Committee resumed its discussion on 25 March 1997 when it had before it a revised text (reproduced as Appendix VIII to this report) for part of the original proposal from the IMEC Governments for an additional document for submission to the Conference.

84. The representative of the Government of Canada, speaking on behalf of the IMEC group, recalled that several Committee members had asked for clarification on certain aspects of the original proposal put forward by the IMEC Governments. A revised text was included in the paper now before the Committee and in essence indicated that the document would not be a vehicle to reopen discussion on the programme and budget proposals, nor would it include any supplementary information. It would be based on information provided in the

documents considered by the Committee and, where appropriate, on supplementary information provided orally by ILO officials during the debate. The intention of the covering document was to draw together and collate information about the major programmes to provide Conference delegates and the public in general with an overview of the strategic thinking, the activities and the resources that underpinned the major priorities of the ILO.

85. Mr. Marshall said that the Employers acknowledged that the new document clarified the intention behind the IMEC proposal, which was that the document would be an information tool for Conference participants and also for a wider public. The Employers were happy to support the proposal.

86. Mr. Gray said that the Workers also accepted the proposal.

87. The representative of the Government of Mexico, on behalf of the Americas group, endorsed the proposal put forward by the IMEC group.

88. ***The Committee recommends that the Governing Body, without prejudice to the Programme and Budget proposals for 1998-99 as approved by the Governing Body for submission to the Conference, request the Director-General —***

(a) to provide a covering document for the Programme and Budget for 1998-99 to the International Labour Conference that would pull together information from the Programme and Budget proposals for 1998-99, the introductory presentation by the Director-General to the Governing Body, the information presented in GB.268/PFA/6/S2, and the replies by senior management during the PFAC deliberations, in order to provide ILC participants with a cohesive overview of the strategic priorities with the supporting activities and resources;

(b) to provide, for future programmes and budgets, commencing with the Programme and Budget for 2000-2001, an integrated draft programme and budget, in two sections as follows:

(i) an introductory "strategic programme and budget overview" that outlines the strategic thinking and internal working methods on which the programme and budget is based; and presents information in tabular or chart form where appropriate, in accordance with primary objectives and sub-objectives as follows:

(1) provides a clear statement of overall objectives and sub-objectives in terms of desired outcomes for the period;

(2) for each of these, on the programme and subprogramme level, states specific objectives and priority activities in such a way as to permit monitoring and evaluation of results measured against stated priorities;

(3) for regional and active partnership programmes, provides a breakdown of spending under the substantive major programmes and indicates how the activities in these programmes, including at the country level, relate to the three priority objectives; and resources allocated to developing countries, in particular the poorest;

(4) where possible, indicates how evaluation results have been taken into account;

(5) shows financial and staff resource allocations for the objectives and sub-objectives;

(6) indicates shifts and trends between priorities;

(7) differentiates between activities required for legal and regulatory obligations, and those chosen on the basis of policy and programme considerations;

(8) indicates discontinued and new activities;

(ii) an administrative/accounting budget in the present analytical form.

The Director-General's proposals for further adjustments to the Programme and Budget proposals for 1998-99

89. The Committee had before it paper GB.268/PFA/6/4, reproduced as Appendix VII to this report, containing further adjustments to the Director-General's Programme and Budget proposals for 1998-99.

90. Mr. Gray said that the Workers would have preferred Scenario I because $2.3 million was a mere trifle compared with the total of the budget and surely would have been found from somewhere during the course of the biennium. However, they recognized that this would have been difficult for Government members to accept and in a spirit of compromise they expressed support for Scenario III, further reductions "across-the-board".

91. Mr. Marshall said that the Employers also would have accepted Scenario I but realized that it was unlikely to receive unanimous support from the Government members. They would prefer a budget to be based on priority actions towards established objectives and hoped that the agreement on the IMEC proposals would make this possible in future. In the meantime they were prepared to support Scenario III.

92. The representative of the Government of France commended the Office for presenting this document so promptly and expressed support for Scenario III.

93. The representative of the Government of Japan agreed with the previous speaker and also expressed support for Scenario III.

94. The representative of the Government of Italy agreed with the statement of the representative of the Government of France.

95. The representative of the Government of Canada also expressed agreement with the statement by the representative of the Government of France.

96. The representative of the Government of Panama also wished to express support for Scenario III.

97. The representative of the Government of the United States expressed appreciation for the Office's prompt response to the Committee's discussion the previous week. She supported Scenario III but would reserve the United States position on the final level of the budget until the Conference in June.

98. The representative of the Government of Nigeria also expressed support for Scenario III but asked the Office to give the fullest possible consideration to disadvantaged member States when further budget reductions were sought.

99. In the light of the views expressed by all members of the Committee, and subject to the reservations expressed, the Chairman took it that the draft programme and budget could now be recommended by the Committee to the Governing Body.

100. ***Subject to the positions taken, and to the reservations expressed during the discussion, the Committee recommends:***

(a) that the Governing Body propose to the International Labour Conference at its 85th Session (June 1997) a provisional programme level of $557,795,050 estimated at the 1996-97 budget exchange rate of 1.16 Swiss francs to the US dollar, the final exchange rate and the corresponding US dollar level of the budget and Swiss franc assessment to be determined by the Conference;

(b) that the Governing Body propose to the Conference at the same session a resolution for the adoption of the programme and budget for the 66th financial period (1998-99) and for the allocation of expenses among member States in that period in the following terms:

The General Conference of the International Labour Organization, in virtue of the Financial Regulations, adopts for the 66th financial period, ending 31 December 1999, the budget of expenditure for the International Labour Organization amounting to $..... and the budget of income amounting to $....., which, at the budget rate of exchange of .... Swiss francs to the US dollar, amounts to ..... Swiss francs.

Bearing in mind —

— that, in adopting the budgets of income and expenditure for the 65th financial period, the General Conference requested the Director-General to present proposals to the Programme, Financial and Administrative Committee for adjustments to the budget of expenditure;

— that the Governing Body, at its 264th (November 1995) Session, accordingly agreed to make downward adjustments amounting to $21,704,950;

— that, in consequence, if the budget of income is fully received, it is expected that there will be a budgetary surplus for the 65th financial period arising from the downward adjustments and amounting to $21,704,950, which, at the budget rate of exchange for that financial period, would amount to 25,177,742 Swiss francs;

the General Conference resolves —

— that, in derogation from article 18 of the Financial Regulations, the said expected budgetary surplus of 25,177,742 Swiss francs shall be treated as budgetary income for 1998;

— that, in derogation from article 10.1 of the Financial Regulations, the remainder of the budget of income, denominated in Swiss francs, shall be financed from contributions from member States amounting to ..... Swiss francs in 1998 and ..... Swiss francs in 1999, allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives for those years; and

— that, should the said budgetary surplus be less than 25,177,742 Swiss francs, arrears of contributions received shall be used to finance the income budget for the 66th financial period, subject however to the resolution adopted by the General Conference at its 82nd Session (June 1995) concerning the utilization of arrears of contributions to cover budgetary deficits.

Statement by the IMEC group

101. The representative of the Government of Canada, on behalf of the IMEC group, recalled that one of the proposals included in the original adjustments by the Director-General concerned the reorganization of senior management in the ILO. The IMEC group believed that a review of the senior management structure should be carried out, but broadened to take account of the need for regional and political balance and to look at ways of streamlining the full corporate management structure, not necessarily just at DDG and ADG level. They proposed that the Director-General undertake such a review, which would obviously take considerable time, and perhaps make a preliminary report to the Governing Body in March 1998. This would include more definition of the functions and responsibilities of senior management, how these could be streamlined, what other economies might be found and also a timetable for action.

102. In reply to the representative of the Government of Canada, the Director-General observed that the IMEC group comprised a number of countries with permanent seats on the Governing Body. Along with the Employers and Workers, this group had the longest institutional memory.

103. He reminded the permanent members of the IMEC group that he had already undertaken an exercise of this nature after the 1995 Session of the Conference when he had been asked to find $40 million in savings.

104. In September 1995 he had somewhat rashly submitted proposals to a Governing Body working party which sought not only to make economies but also to reorganize the Office around three poles. He remembered very well the Governing Body's reaction in November 1995 when it considered the reorganization that was proposed and the economies to be made.

105. The Director-General assured the representative of the Government of Canada that he was only too willing to do whatever the Governing Body asked of him. But he thought it would be wise in this case for the Governing Body or a Governing Body delegation to tell him exactly what was wanted so that he could act accordingly. He had no desire to embark on another such reform without first taking the necessary precautions.

Geneva, 25 March 1997. *(Signed)* C. Gray,
Reporter.

Points for decision: Paragraph 88;
Paragraph 100.

Appendices

Appendix I:	Programme and Budget proposals for 1998-99 — Presentation by the Director-General of the proposals.
Appendix II:	Programme and Budget proposals for 1998-99 — supplementary information requested by the IMEC group.
Appendix III:	Director-General's reply to the discussion in the Programme, Financial and Administrative Committee of the Programme and Budget proposals for 1998-99.
Appendix IV:	The Director-General's proposals for adjustments to the Programme and Budget proposals for 1998-99.
Appendix V:	Resolution for submission to the International Labour Conference as presented by the Government of the United Kingdom.
Appendix VI:	Proposal by the IMEC Governments.
Appendix VII:	The Director-General's proposals for further adjustments to the Programme and Budget proposals for 1998-99.
Appendix VIII:	Proposal by the IMEC Governments.
Appendix IX:	Provisional programme level resulting from the adjustments proposed by the Director-General.
Appendix X:	Proposed expenditure budget for 1998-99 by major programme.

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.268/PFA/6/2
268th Session

Geneva, March 1997

Programme, Financial and Administrative Committee

PFA

SIXTH ITEM ON THE AGENDA

Programme and Budget proposals for 1998-99

Presentation by the Director-General of the proposals

1. The Programme and Budget proposals for 1998-99 are intended to accurately reflect the strategy established by the Organization in the last few years and, in particular, the suggestions made in the Governing Body in the course of the budgetary process launched in March last year.

2. The permanent objectives of the ILO have been confirmed and refined since 1994. The Organization must be:

— a centre of excellence and reference in the field of employment and labour, whose work is regarded as authoritative at the international level. The Office must be able to identify and analyse the changes that are taking place. In order to do so it must be a place where practitioners and researchers meet and exchange views;

— the focus for the elaboration, implementation and supervision of workers' rights. The emphasis must be on respect for the fundamental rights of workers in the globalized economy and the overall improvement of ILO standard-setting activities so that the relevant instruments may be rapidly ratified by the greatest possible number of member States and amended as the situations evolve, and so that their application may be supervised effectively;

— an Organization offering services to all its constituents and member States. This means paying special attention to the rapid changes faced by its constituents, and to the challenge of dwindling resources and widespread competition in the field of international aid.

3. The Governing Body has also confirmed that it will pursue the strategic approach developed since 1992, in order to respond to the major challenges raised by political upheavals and the globalization of the world economy.

4. The first of these is to promote the advance of democracy in all member States, in particular those which have also embarked on the transition towards a market economy. The second is to provide support and assistance to member States and constituents in the fight against poverty, which constitutes a real affront to human dignity in many countries. The third concerns the protection of workers,

including vulnerable categories such as women, children and migrant workers, in line with the ILO's primordial objective of improving conditions of work and life.

5. In order to achieve these objectives, the Organization will have to meet four major challenges during the 1998-99 biennium. These are:

— the renewal of its standard-setting activity;

— the fight against child labour;

— follow-up to the World Summit for Social Development in Copenhagen;

— follow-up to the Fourth World Conference on Women in Beijing.

6. The renewal of the ILO's standard-setting work will be a major focus of attention in the biennium 1998-99. This renewal process will be inspired by the conclusions to be reached by the Governing Body and the discussions that will take place in the Conference in 1997. The promotion of the ratification of the fundamental Conventions, the strengthening of the supervisory machinery and the adoption of a new instrument in the fight against child labour will be the key components of an overall strategy to improve the credibility and visibility of the Organization's standard-setting activity.

7. The second major challenge concerns child labour. The work being done by the Office in terms of research and development and the action taken by the IPEC Programme, backed by the will of decision-makers in government and employers' and workers' organizations, will be continued and expanded. Due account will be taken of the conclusions of the Amsterdam, Cartagena and Oslo meetings. (See figure 1.)

8. The third major challenge facing our Organization today, as it certainly will throughout the coming biennium, concerns the follow-up to the World Summit for Social Development in Copenhagen. This Summit revealed a high level of confidence in the Organization. The Office is already following up on the Copenhagen Summit through concrete action at the national level. In the coming biennium it will continue to provide assistance to its constituents in member States in the field of employment policy. Closer coordination will be called for between the different international organizations. In addition, a new International Small Enterprise Programme will be launched. (See figure 2.)

9. The fourth challenge of the coming biennium will be the follow-up to the World Conference in Beijing. An International Programme on More and Better Jobs for Women has been developed and will be launched during the next biennium. The ILO will also step up its activities in this area in response to requests from its constituents in various member States. (See figure 3.)

10. The increase in resources that are proposed to be allocated under the ordinary budget in the coming biennium to headquarters departments for child labour represents over 170 per cent; for employment strategies, over 46 per cent; and for activities for women, over 45 per cent. The work being done in these areas by regional departments and with extra-budgetary resources also accounts for a considerable increase in the resources available.

11. Lastly, several innovations are proposed for the biennium 1998-99. A total of 16 new action programmes are envisaged, taking account of the preferences expressed by the Governing Body in November. In addition, a Global Programme on Occupational Safety, Health and Environment will be

implemented. A particular effort is also envisaged in the area of industrial relations.

12. Another innovation is the proposal to convene an ILO Social Forum as part of the strategy of promoting respect for fundamental workers' rights, as well as tripartism and dialogue among the social partners. The International Consultative Meeting concerning Follow-up to the World Social Summit is another new initiative that should be one of the highlights of the coming biennium, since it will provide an opportunity to review the results achieved at the national policy level.

13. Taking into account the views expressed by the Governing Body and the Conference in recent years, the distribution of resources by major sector of activity is proposed as follows:

Distribution of resources by sector of activity for the biennium 1998-99

	1996-97		1998-99		Difference	
	Programme and budget	% of total budget	Proposals	% of total budget	US dollars	%
Policy-making bodies	92 493 834	15.96	81 101 988	14.54	-11 391 846	-12.32
General management	9 488 450	1.64	9 488 450	1.70	0	0.00
Technical programmes at headquarters	177 588 612	30.65	173 760 477	31.15	-3 828 135	-21.6
Regional services	145 623 827	25.13	147 368 292	26.42	1 744 465	1.20
Substantive and operational programmes	323 212 439	55.77	321 128 769	57.57	-2 083 670	-0.64
Service and support activities	132 145 378	22.80	125 959 801	22.58	-6 185 577	-4.68
Various	22 159 899	3.82	20 116 042	3.61	-2 043 857	-9.22
Total	**579 500 000**		**557 795 050**		**-21 704 950**	**-3.75**

14. Over several biennia the budget share for the regions has been consistently increasing and the next biennium will be no exception. Their share in the ordinary budget rose by 1.78 per cent in real terms in 1996-97 in comparison to 1994-95 and the proposals for 1998-99 imply an increase of 1.20 per cent in real terms, in comparison to the biennium 1996-97. In contrast to the regional services which will enjoy increased resources, the other major sectors will see their resources reduced, some of them considerably, including policy-making bodies and service and support activities. The substantive and operational programmes will also have an increased share of the budget in comparison to 1996-97. It should be borne in mind that the Programme and Budget proposals for 1998-99 are 21,700,000 dollars lower than the budget approved for 1996-97.

15. Many of you have requested information on the way the programme and budget proposals are structured in relation to the Organization's major objectives as outlined above. The allocation of the resources proposed for the main technical programmes at headquarters and for those in the regions, based on these major objectives, means a choice must be made as to which programme corresponds to

which major objective. While these choices were made with objectivity, they cannot be regarded as scientific. The aim of promoting employment and combating poverty represents 41 per cent of the ordinary budget resources allocated to the substantive and operational programmes. Almost 32 per cent of resources are allocated to the support of democracy and workers' rights. Lastly, proposals earmarked for the protection of workers represent almost 27 per cent of the total. (See figure 4.)

16. Examining the proposals for the regular budget and the expected extra-budgetary resources together allows a comparison to be made of the total resources for the pursuit of each of these major objectives. The principal portion of the extra-budgetary resources — 63.5 per cent — is allocated to activities in support of the major objective of employment and combating poverty. Support to democracy receives just under 9.5 per cent of extra-budgetary resources, while the major objective of worker protection receives a comparable percentage of extra-budgetary and ordinary budget resources. This comparison gives rise to a variety of interpretations. I will simply recall that extra-budgetary resources are used primarily for problems which the constituents in member States consider to be priority issues, and that they also reflect the preferences of donors in allocating resources. I will refrain from commenting on these comparisons which, I repeat, serve essentially as a broad indication, except to say that it appears legitimate for the Office to allocate almost 32 per cent of its ordinary budget resources from the sector of substantive and operational programmes to the objective of support to democracy and the respect of fundamental workers' rights, since these issues are truly at the heart of its mandate and a considerably lower proportion of extra-budgetary resources are allocated to this objective. (See figure 5.)

17. Movements in the dollar exchange rate led me to propose reductions in expenditure for 1996-97, some of which were taken up by the Governing Body in November 1995. I also committed myself at that time to ensure that an equivalent level of reductions would be found in my Programme and Budget proposals for 1998-99. (See figure 6.)

18. My proposals constitute a reduction of 3.75 per cent in programme terms in comparison to the 1996-97 Programme and Budget. Even allowing for adjustments to take inflation into account, the level of these proposals is even lower than in 1996-97. In other words, we are not only in a situation of negative real growth, but also in one of negative nominal growth at a constant rate of exchange. The Organization has always believed that it should protect itself against the hazards of exchange rate movements so as to avoid negative repercussions on the Organization's programmes. Today it must be said that the situation we find ourselves in is radically different to that of 1995 given that at last week's exchange rate my programme and budget proposals represent a reduction of over 16 per cent in United States dollars. The Office has never sought to benefit from exchange rate movements, nevertheless, the current favourable situation should now be mentioned as the Organization found itself to be negatively affected when the situation was so unfavourable two years ago.

19. These proposals, which constitute a reduction of 3.75 per cent, could not have been made if a whole series of reforms had not been undertaken and implemented in recent years. These reforms will be consolidated, and new

reforms are now being proposed, some of which will be discussed during this session of the Governing Body. They are all aimed at making our Organization more relevant, more effective in the services it provides and also more efficient, by constantly improving productivity and through better cost control.

20. As regards the relevance of the ILO, two major reforms have been introduced. The first, an integral part of the active partnership policy, consisted of developing, with all the constituents at the national level, studies to establish country objectives. This reform not only served to bring the Organization closer to its constituents, but also to ensure that its activities correspond more exactly to their needs and priorities. The second reform is a much more recent one. It concerns the strategic planning process in the Office which has just been improved by the introduction of two new stages. The first was introduced in November, and gives the Governing Body the possibility to indicate its preferences regarding the programme and budget proposals, which are now under discussion. The other new stage will begin next November in the form of a discussion in the Governing Body to evaluate the implementation of the 1996-97 Programme and Budget during the first three terms of the biennium to draw conclusions useful for the preparation of the Preliminary consultation discussion to be held in March 1998. These two reforms will not only make our activities more relevant but will also improve the coherence between the priorities identified at the national level and those decided by the Governing Body at the international level.

21. It is perhaps in relation to the quality of services provided to constituents that the most progress will be seen in the next biennium, progress which will be particularly tangible. We propose using the potential of the Internet to the maximum to make the information we have at our disposal and the products we produce, directly and fully accessible to all constituents, in their countries and at their institutions. By the end of the next biennium the quality of the services the constituents will be receiving from the Office will be greatly increased and the dialogue with them greatly enriched.

22. Just as important are the reforms aimed at making the Organization more efficient, which are being pursued with considerable determination. I have just decided to apply throughout the Office a monitoring, evaluation and reporting system (MERS) to be integrated in the Office's strategic planning and programming process. Work is now under way on the methods of applying this system of management by objectives, which will be fully implemented as from the biennium 1998-99. This will certainly help to make ILO activities more transparent. In order to achieve productivity gains and cost reductions, the Office will continue to decentralize administrative and financial tasks and to make use of new technologies. The reforms introduced have already achieved tangible savings, as can be seen from the graph showing savings in various major programmes. The International Labour Conference, which in my programme and budget proposals accounts for $13 million, would have cost over $20 million today if reforms had not been made since 1990-91. If the same comparison is applied to internal administration costs, savings amounting to approximately $7.8 million have been achieved today in comparison with the biennium 1990-91.

23. The application of reforms and the overall improvement of the quality of services provided call for an active personnel policy. Numerous changes have been introduced here, in particular with regard to training. The Governing Body now has before it a set of proposed improvements concerning selection and recruitment procedures. Others currently being prepared cover:

- the system of work evaluation;
- staff mobility;
- all aspects of training.

24. These reforms were implemented thanks to the encouragement provided by the Governing Body and the decisions it has taken. They are also due in no small measure to the efforts made by the Office staff, without whom none of this would have been possible. They are the fruit of their labour, their imagination, their availability, and their willingness to adapt and be trained in the new tasks required of them in the light of the Organization's updated objectives.

Geneva, 10 March 1997.

Figure 1.

Resources devoted to child labour from the substantive and operational programmes

Regular budget and Extrabudgetary resources

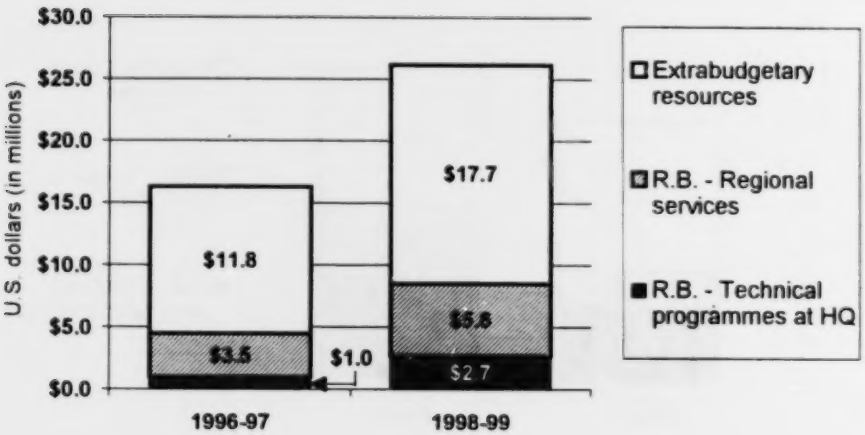


Figure 2.

Resources devoted to employment strategies from the substantive and operational programmes

Regular budget and Extrabudgetary resources

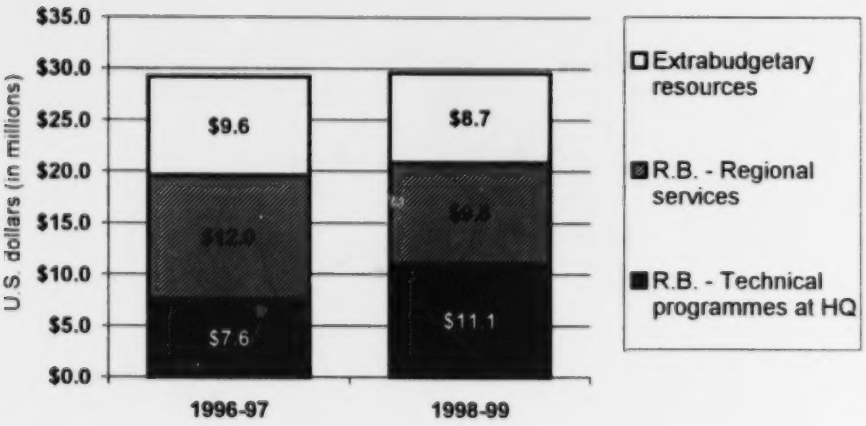


Figure 3.

Resources devoted to women from the substantive and operational programmes

Regular budget and Extrabudgetary resources

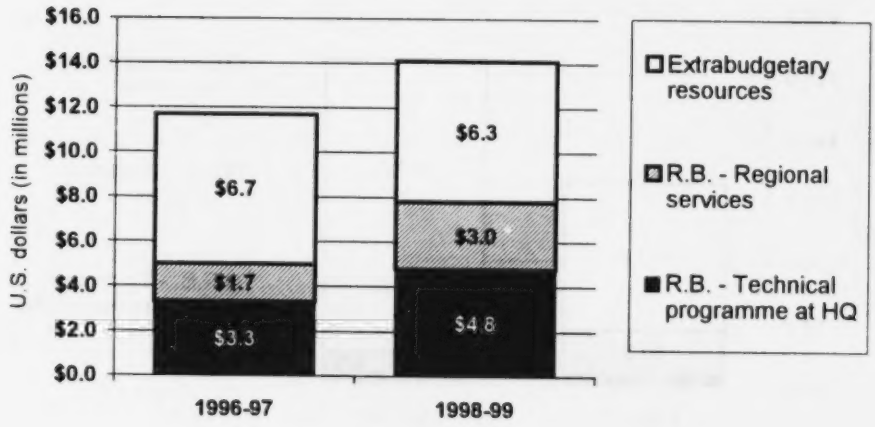


Figure 4.

Regular budget resource distribution by the 3 main objectives

Substantive and Operational Programmes

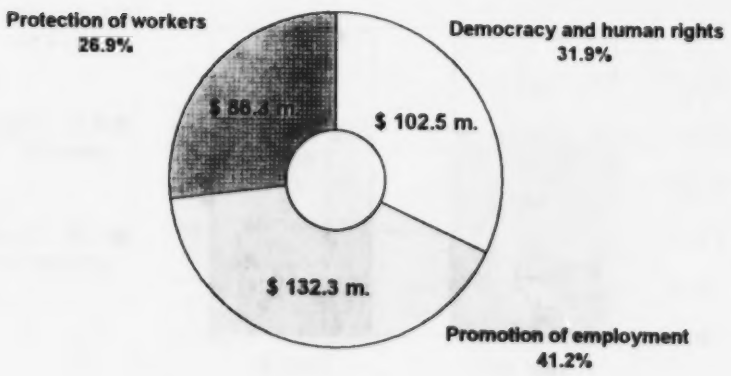


Figure 5.

Regular budget and extrabudgetary resources of the substantive and operational programmes by the 3 main objectives

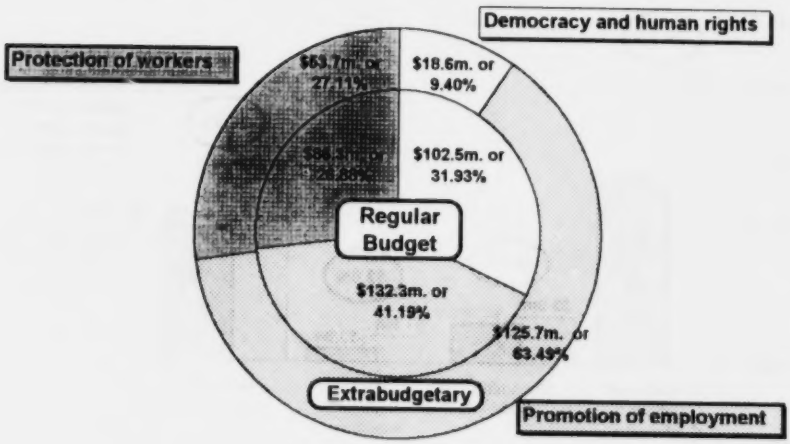


Figure 6.

Level of the budget proposals for 1998-99

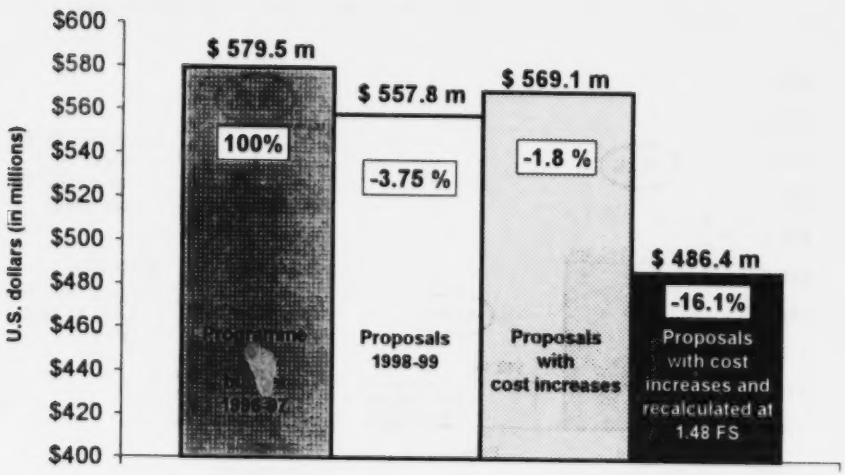


Figure 7.

Savings resulting from the introduction of reforms and more cost efficient working methods

Policy making organs and General Management

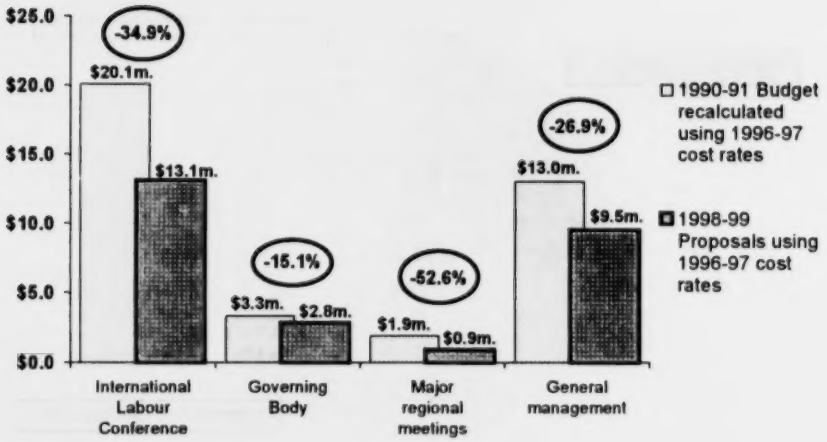


Figure 8.

Savings resulting from the introduction of reforms and more cost efficient working methods

Internal administration, Publications and Relations, Meetings and Documents

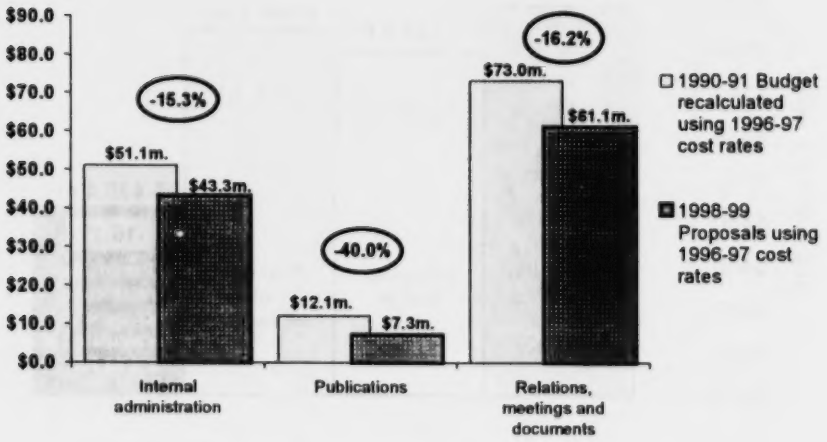
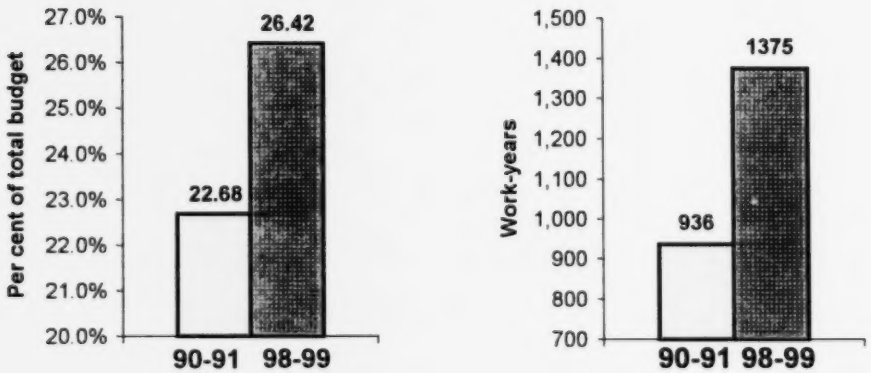


Figure 9.

Resources for the regional sector 1990-91 to 1998-99



INTERNATIONAL LABOUR OFFICE

Governing Body

GB.268/PFA/6/S2
268th Session

Geneva, March 1997

Programme, Financial and Administrative Committee

PFA

SIXTH ITEM ON THE AGENDA

Programme and Budget proposals for 1998-99

Supplementary information requested by the IMEC group [1]

Statement by the representative of the Director-General

(Mr. Kirszbaum, Director, Bureau of Programming and Management)

During the general discussion on the Programme and Budget proposals, on 11 March the representative of the Government of Canada, speaking on behalf of the IMEC group, requested the Office to provide additional information on the proposals. I will first recall the wording of the questions asked by the IMEC group and then set out in reply the information that it has been possible to assemble in the time available. To facilitate understanding of the replies to certain questions, charts are attached.

The IMEC statement, the words of which are precisely reproduced in bold italics below, requested that during the detailed review of the major programmes the following information be provided:

"2. For those programmes outlined in sections B (50-145, 225, 230), as well as programme 100:"

2.1 "how the objectives of the programmes relate to the three priority objectives, and an estimate of the financial and staff resources that would be allocated to these priorities"

Charts 1 to 3 attached concerning the biennium 1998-99 which indicate the financial and staff resources under each major programme associated with the three priority objectives. As indicated in the Director-General's presentation of his proposals on 10 March, these figures should be viewed as very broad estimates of a purely indicative character.

[1] This document will be appended to the third report of the Programme, Financial and Administrative Committee.

2.2 "shifts of resources between priority objectives from the 1994/5, current, and next biennium"

I shall now give broad indicative estimates for 1994-95, [2] 1996-97 and 1998-99.

Objective	1994-95		1996-97		1998-99	
Democracy	$84.5	33.9%	$101.6	31.4%	$102.5	31.9%
Employment	$96.1	38.5%	$132.4	41.0%	$132.3	41.2%
Protection	$68.9	27.6%	$89.2	27.6%	$86.3	26.9%
	$249.4		$323.2		$321.1	

2.3 "what are the core fixed costs in the programme (i.e. activities that are required through legal or regulatory obligations), and estimates of financial and staff resources devoted to these activities"

The Legal Adviser will respond to this point in due course. [3]

2.4 "what activities have been terminated; and what new activities have been planned for completion during the 1998/9 biennium"

Labour and social issues identified by ILO constituents as requiring work by the Office are often the subject of different activities in successive biennia. For example, a research project in one biennium may pave the way for information dissemination (through publications, manuals, guidelines and country seminars) in the following biennium, or to technical advisory services, and possibly to other research in related fields. Once expertise has been developed in relation to a particular social issue there is a continuing demand from ILO constituents for advisory services; and thus a need for continuing research work to update the original information base in one way or another. For these reasons it is unusual for the ILO to terminate activities in relation to any significant social issue. If ILO activities cease for any reason, the mandate of the Organization may well lead to such activities being restarted at a later date. For example, work on the link between educational qualifications and employment formally came to an end during the financial crisis of the late 1970s, but as demonstrated in the present Programme and Budget proposals, this issue is an important one, and new work is now envisaged in relation to it.

However, certain technical activities in each Programme and Budget, including in particular action programmes and meetings, are designed to be relatively self-contained, and intended to be brought to a conclusion, as regards their own limited objectives, by the end of a biennium. Thus, the following

[2] The figures for 1994-95 became available after this statement was made. The lower total figure for 1994-95 is due to differences in the exchange rate.

[3] See Appendix.

technical activities contained in the Programme and Budget for 1996-97 should in principle be concluded by the end of the biennium:

- Action programmes
  - Youth unemployment (major programme 60)
  - Privatization, restructuring and economic democracy (major programme 65)
  - Skills and entrepreneurship training for countries emerging from armed conflict (major programme 70)
  - Labour inspection and equality of rights for women in the workplace (major programme 80)
  - Safety in the use of chemicals at work (major programme 90)
  - Manual on action planning for the progressive elimination of child labour (major programme 90)
  - The reform and development of systems of social protection (major programme 110)
  - Social security programmes, the improvement of governance, management, administration and operation (major programme 110)
  - Social safety nets, social assistance and poverty prevention (major programme 110)
  - Standard setting for statistics on income from employment (major programme 120)
  - Standard setting for statistics of underemployment (major programme 120)
  - Economic reform and structural change, promoting women's employment and participation in social funds (major programme 125)

- Meetings
  - Maritime Conference
  - Two meetings of the Committee of Experts on the Application of Standards and Recommendations
  - Tripartite meeting of experts on future ILO activities in the field of migration
  - Meeting of Experts on Workers' Privacy
  - Meeting of Experts on Workers' Health Surveillance
  - Meeting of Experts on Labour Statistics
  - ILO Enterprise Forum
  - Ten sectoral meetings

- Other major activities
  - Publication of the 4th edition of the Encyclopaedia on Occupational Health and Safety
  - Establishment of the ILO site on the Internet

Additional information on completed activities will be presented to the Governing Body in November 1997 in the form of an interim report on programme implementation during the present biennium, with special emphasis on impact evaluation. A further and more comprehensive report on ILO activities in the biennium will be submitted to the Conference in 1998 by the Director-General.

- New activities planned for the 1998-99 biennium include:
  - 16 action programmes
  - Globalization, area-based enterprise development and employment
  - Labour market information systems for human resource development
  - Tripartite participation and social dialogue on training
  - Financing of training
  - Social investments: Job creation through innovative financial instruments
  - Productivity improvement, competitiveness and quality jobs in developing countries
  - Small and medium-sized enterprise development for employment
  - Cooperative approaches to collective bargaining
  - The contribution of industrial relations to regional economic integration
  - Organization and management of labour administration
  - Social initiatives by enterprises
  - Safety culture
  - Action against extreme forms of child labour
  - An operational framework for pension reform
  - Strategies to combat youth marginalization and unemployment
  - Improving the quality of women's employment

- Research items on the following topics (many of which constitute updating exercises to ensure that ILO advice remains relevant and well-informed)
  - The employment and labour market impact of regional blocs
  - Job creation and destruction
  - Structural adjustment, employment and role of the social partners
  - Labour market flexibility and employment security
  - Labour market policies for transition economies
  - Economic development and core labour standards in developing countries
  - Improving labour market indicators
  - The role of the State and the private sector in training
  - Drawing lessons from migration policy analysis
  - Job retention and disability management at the workplace
  - Entrepreneurship and small-enterprise development
  - Workers' representation in multinational enterprises
  - Improving the content and quality of work

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- Public sector pay
- The changing role and responsibilities of labour inspection
- Elimination of child labour (labelling, corporate and trade union policies)
- The economic implications of action against child labour
- Safety in the use of biological agents at work
- Labour and social implications of genetic screening
- Violence at work
- Work and protection: Options for the twenty-first century
- Working time and gender
- Working time, health and safety
- The financing and delivery of health care
- Principles of social security
- Working time and productivity
- Strengthening the organisational capacity of excluded groups
- Promoting social dialogue for job creation and poverty elimination
- The future of urban employment
- Home work

- Launch of new technical cooperation programmes
  - the International programme for more and better jobs for women
  - the International Small Enterprise Programme
  - the ILO Global Programme on Occupational Safety, Health and Environment

- The adoption of new standards on —
  - child labour
  - conditions to stimulate job creation in small and medium-sized enterprises
  - contract labour

- A major project to enhance the usefulness of five major ILO databases:
  - CISDOC
  - LABORDOC
  - LABORSTA
  - ILOLEX
  - NATLEX

- Convening of an ILO Social Forum which would focus on core Conventions

- Increased resources and emphasis on industrial relations, including —
  - creation of an Industrial Relations Information Network (IRNET)
  - action programmes on cooperative approaches to collective bargaining and regional economic integration

— research on workers representation in multinational enterprises, improving the content and quality of work, and public sector pay

- Increased resources for the elimination of child labour, including:
  - regular reports on trends in child labour
  - a meeting of experts on labour inspection and child labour
  - research on the economic implications of action against child labour and on labelling and corporate conduct
  - an action programme on extreme forms of child labour
  - new international labour standards

- Volume 3 of *World Employment*

- A major report on social protection

- A major publication on the fundamental principles of occupational health and safety

2.5 *"management structure and costs"*

Each major programme in the technical sector is headed by a department or bureau director who is graded at the D2 or D1 level.

- There are 10 D2s managing major programmes in the technical sector
- There are 3 D1s managing major programmes in the technical sector
- The total staff costs of these officials is $5.2 million (at 1996-97 standard costs).

- The director of a major programme is assisted by officials who manage the various programmes; these officials are graded at the D1 or P5 level (the standard cost for D1 and P5 is the same)
  - There are 21 managers at the programme level
  - The total staff costs of these officials is $7.1 million (at 1996-97 standard costs)

- It should be noted that all programme managers, at the major programme and programme levels, spend a substantial portion of their time on substantive issues, including the provision of technical guidance to their colleagues.

2.6 *"how proposed research activities relate to the three priority objectives; how the proposals were identified, screened and quality checked in terms of subject and authors; how they relate to other research activities under way; and if they are in cooperation with other agencies or institutions"*

I shall now list the research projects contained in the 1998-99 proposals with an indication of how they relate to the 3 priority objectives. Although some of these research activities relate to more than one of the three priority themes, only

the main emphasis will be indicated. Thus some of these research topics contribute to the promotion of democracy and workers' rights, although this is not explicitly indicated here (e.g. that on economic development and core labour standards):

E = promoting employment and combating poverty
P = protecting working people

E The employment and labour market impact of regional blocs
E Job creation and destruction.
E Structural adjustment, employment and role of the social partners
E Labour market flexibility and employment security
E Labour market policies for transition economies
E Economic development and core labour standards in developing countries
E Improving labour market indicators
E The role of the State and the private sector in training
P Drawing lessons from migration policy analysis
P Job retention and disability management at the workplace
E Entrepreneurship and small-enterprise development
P Workers' representation in multinational enterprises
P Improving the content and quality of work
P Public sector pay
P The changing role and responsibilities of labour inspection
P Elimination of child labour (labelling, corporate and trade union policies)
P The economic implications of action against child labour
P Safety in the use of biological agents at work
P Labour and social implications of genetic screening
P Violence at work
P Work and protection: Options for the twenty-first century
P Working time and gender
P Working time, health and safety
P The financing and delivery of health care
P Principles of social security
P Working time and productivity
P Strengthening the organizational capacity of excluded groups
E Promoting social dialogue for job creation and poverty elimination
E The future of urban employment
P Home work

Selection of research activities

Research proposals are initially prepared by all branches in the technical departments of the Office taking account of a wide range of considerations, including: requests by constituents in the Conference, the Governing Body, regional meetings and sectoral meetings; the needs of constituents as manifested in country objective reviews; the needs for comparative research identified by the multidisciplinary advisory teams; the need to pursue areas of interest identified in earlier ILO research, or to update past research; and consultations in technical meetings, formal and informal, with experts in various social fields. Research proposals are then examined from the point of view of their relevance to the three major objectives of the Organization and their consistency with the objectives of the major programme to which they relate. Checks are undertaken in order to ensure that all research proposals clearly identify the problem to be addressed, and the way in which the research will contribute to the solution of the problem at the country level. Account is also taken of past work carried out by the Office, and by outside institutions, including other UN agencies and universities. Care is taken to ensure that the research proposals finally selected are policy-oriented, building wherever possible on research carried out elsewhere, including that completed by the International Institute of Labour Studies.

Early in the programming cycle the first draft proposals of all the technical departments are circulated at headquarters and in the regions; and the corresponding first draft of all the regional proposals is also circulated throughout the Office. This makes possible a comprehensive process of consultation and cross-checking to ensure internal consistency. Members of the senior management team have the opportunity of commenting on these first draft proposals to ensure full coherence between proposals for action programmes and research programmes emanating from headquarters departments with the needs of regions, including the need for background research to support the work of the multidisciplinary advisory teams. The reports of the discussions in the Governing Body and the Committee concerning the strategic orientations of ILO programme planning are also taken into account.

"3. For the regional and active partnership programmes (245-280): how the activities in these programmes relate to the three priority objectives; and ii) flows to developing countries, in particular the poorest"

ILO activities under the regional major programmes and the Active partnership and technical cooperation major programme are designed taking account of discussions concerning the three priority objectives in the Conference and the Governing Body, and most notably the discussions relating to the development of the Programme and Budget. In pursuance of the Active Partnership Policy, ILO activities in the regions are also formulated bearing in mind the various analyses prepared at the country level by MDT specialists who carry out country objective reviews or update them in consultation with ILO constituents. These reviews identify the major problems at the country level and define ILO objectives. Programmes are then formulated which are implemented by the

countries concerned with ILO assistance and/or with external multilateral or bilateral cooperation.

The distribution of the resources of major programmes 245 to 280 among the three priority objectives can only be of an indicative nature because many of these activities contribute in many instances to more than one major objective. Bearing in mind this consideration, the regular budget resources of the regional and Active partnership major programmes in the 1998-98 proposals are distributed as follows (see also chart 4 attached):

— Democracy: 43.4 per cent (regular budget $ 63.7 million)

— Employment: 43.3 per cent(regular budget $ 63.6 million)

— Protection of workers: 13.6 per cent (regular budget $ 20.0 million).

The flow to developing countries is approximately $124.2 million in constant 1996-97 costs. This represents about 84.3 per cent of the regular budget resources for the regional services (major programmes 245 to 280; total: $147.34 million). This figure refers only to the flows of resources directly associated with the provision of services to developing countries. Therefore, the resources for major programmes 245 and 280 are excluded, as are the Tokyo and Washington Branch Offices. In addition, a significant proportion of the funds allocated to headquarters departments are devoted to developing countries mainly through activities such as technical advisory services (TAS), technical cooperation project support, interregional programmes, IPEC, action programmes, dissemination of information to constituents, and service and support to field programmes. Major programme 245 (Active partnership and technical cooperation) also contributes to the flow of resources to developing countries to an extent greatly exceeding its own level of resources by mobilizing extra-budgetary resources for technical cooperation activities in developing countries. Moreover, regular budget expenditure lays the basis for the considerable flow of extra-budgetary funds which are mobilized by ILO programmes for the benefit of constituents in developing member States.

The flow to the least-developed countries (40 ILO member States) represents some $47.2 million, or 38 per cent, of the total flow to developing countries indicated above. The estimates for the LDCs should also be regarded as indicative. This disaggregation of the total flow to developing countries is a forecast based on the expenditure of extra-budgetary resources for technical cooperation activities in 1995.

Geneva, 14 March 1997.

Appendix

"Core fixed costs in the programme"

Note by the Legal Adviser

The question asked concerns the portion of fixed costs of certain programmes under section B, as well as Programme 100, which could not be reduced on account of legal or regulatory obligations, as well as an evaluation of the financial and staff costs assigned to these activities.

The following does not seek to provide a definitive reply, but rather simply to provide a framework in which replies could be given.

These replies will obviously depend on the exact phrasing of the question, and in this regard it appears that there has been some fluctuation in the terminology used. References have been made to "activities *related* to constitutional, legal and regulatory functions", "activities *to meet* constitution, legal and related functions" and even to "activities that are *required through* legal or regulatory obligations". The replies to these different questions vary considerably.

The first two formulations seem to have been abandoned. It is clear that speaking of activities "related to" constitutional functions would cover all the activities of the Office to the extent that it may undertake only activities that correspond to the functions that are assigned to it in article 10 of the Constitution. It also clear that although a function may be mandatory (for example to issue publications pursuant to article 10(2)(d)), their content would depend on instructions given by the Conference and the Governing Body, in particular in relation to budgetary provisions. Posed in this way, the question is largely circular.

It therefore seems that the question should be interpreted as referring to non-discretionary activities, that is those arising from constitutional or other legal obligations which neither the Conference nor the Governing Body has the power to evade. Under this interpretation, the general list is relatively easy to draw up.

First, this would include activities linked to the existence of the various institutions of the Organization and their meetings: the Conference, the Governing Body and the Director-General. Activities relating to these organs appear, however, mostly in section A of the Budget (as do Legal Services).

Then there are activities linked to constitutional functions that the Organization is required to fulfil in relation to standards already adopted by the ILO (since the Constitution does not require the Organization to adopt new standards). These include:

- the depositary function that the Director-General must carry out under article 20;
- follow-up on adopted instruments (articles 19(5) and 19(6));
- supervision of the application of ratified Conventions (articles 22 and 23 of the Constitution);
- representation cases and the resolution of complaints in accordance with article 24 and article 26 procedures. These activities are both mandatory in terms of function and discretionary as regards application, since the Governing Body is in theory not actually required to set up a Commission of Inquiry. For this reason there is no standing provision to that effect.

The activities corresponding to the above functions (including the Committee of Experts, although it is not foreseen in the Constitution) are performed by the International Labour Standards Department with technical contributions from the departments concerned as needed and from JUR as required.

In addition to constitutional obligations, some activities relate to contractual obligations which are not necessarily untouchable but from which the Organization could not withdraw as it pleases. This category involves contracts of all types, for the implementation of technical cooperation projects, for leases and for loan agreements (the headquarters building).

A final category could be grouped under the heading of obligations arising under international law. In application of article 12 of the Constitution, the Organization has concluded a number of agreements with international organizations and on occasion has undertaken technical cooperation programmes that imply activities from which the Organization could not withdraw without prior notice. These activities are distributed across the various technical programmes. Also falling into this category is the agreement concluded with the Government of Italy in 1983, article 1 of which contains certain engagements concerning the financing of the Turin Centre.

* * *

If the Governing Body so wished, a more detailed picture could be painted of costs that may not be reduced or which could be reduced only after respecting certain notice periods. However, the somewhat artificial nature of such an exercise should be stressed. On the one hand, the majority of such activities do not fall within section B. On the other hand, the Organization could theoretically withdraw, by various contrivances, from most of these obligations, including the supervision of standards (by their abrogation or by spacing reports). The only thing that would remain irreducible would be the existence of the institutional bodies of the Organization. But this is not an end in itself: and obviously, it would only be justified in relation to the promotion of the objectives of the ILO.

Chart 1

Resources and work-years attributed to the objective of democracy and human rights

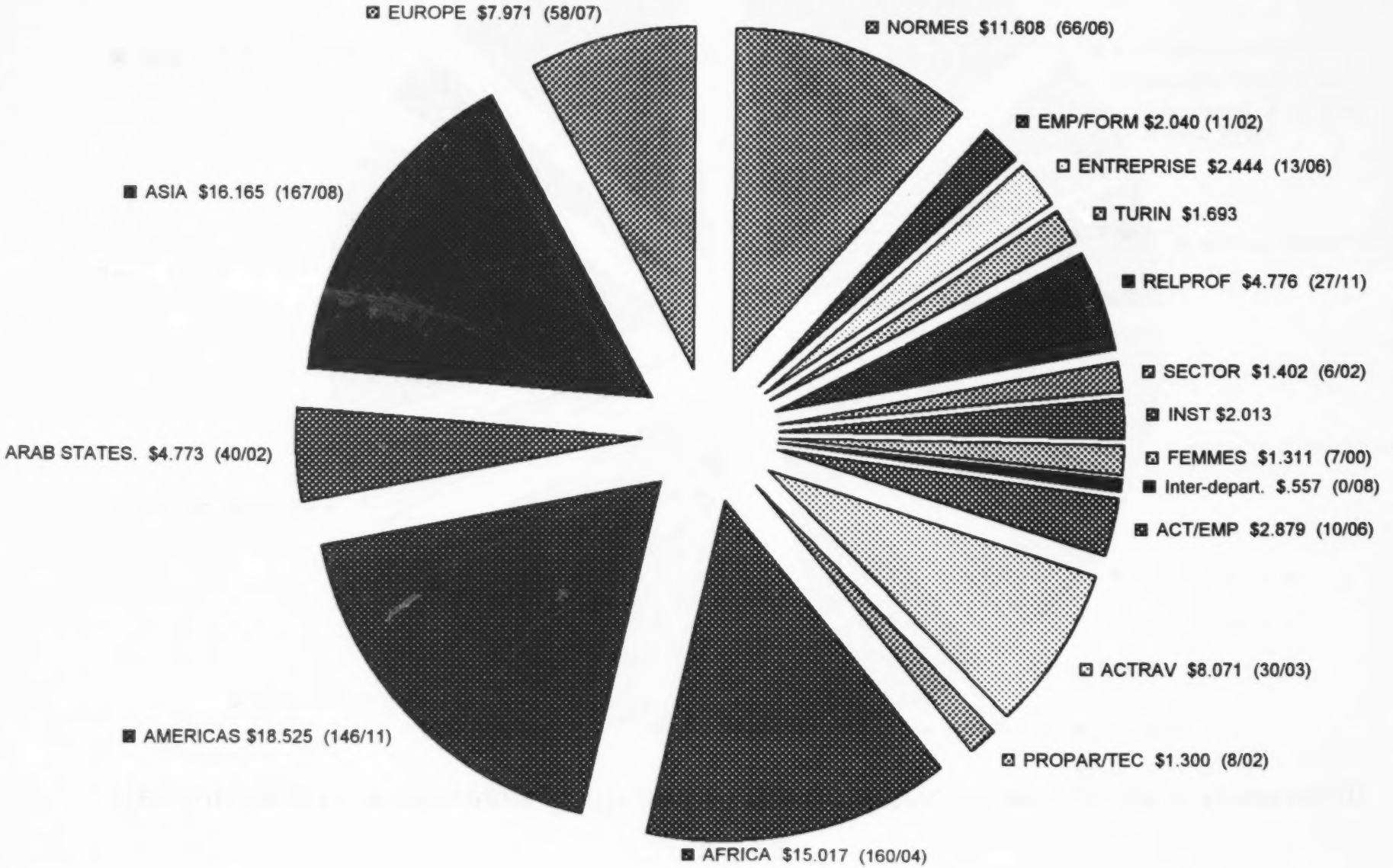


Chart 2

Resources and work-years attributed to the objective of employment promotion

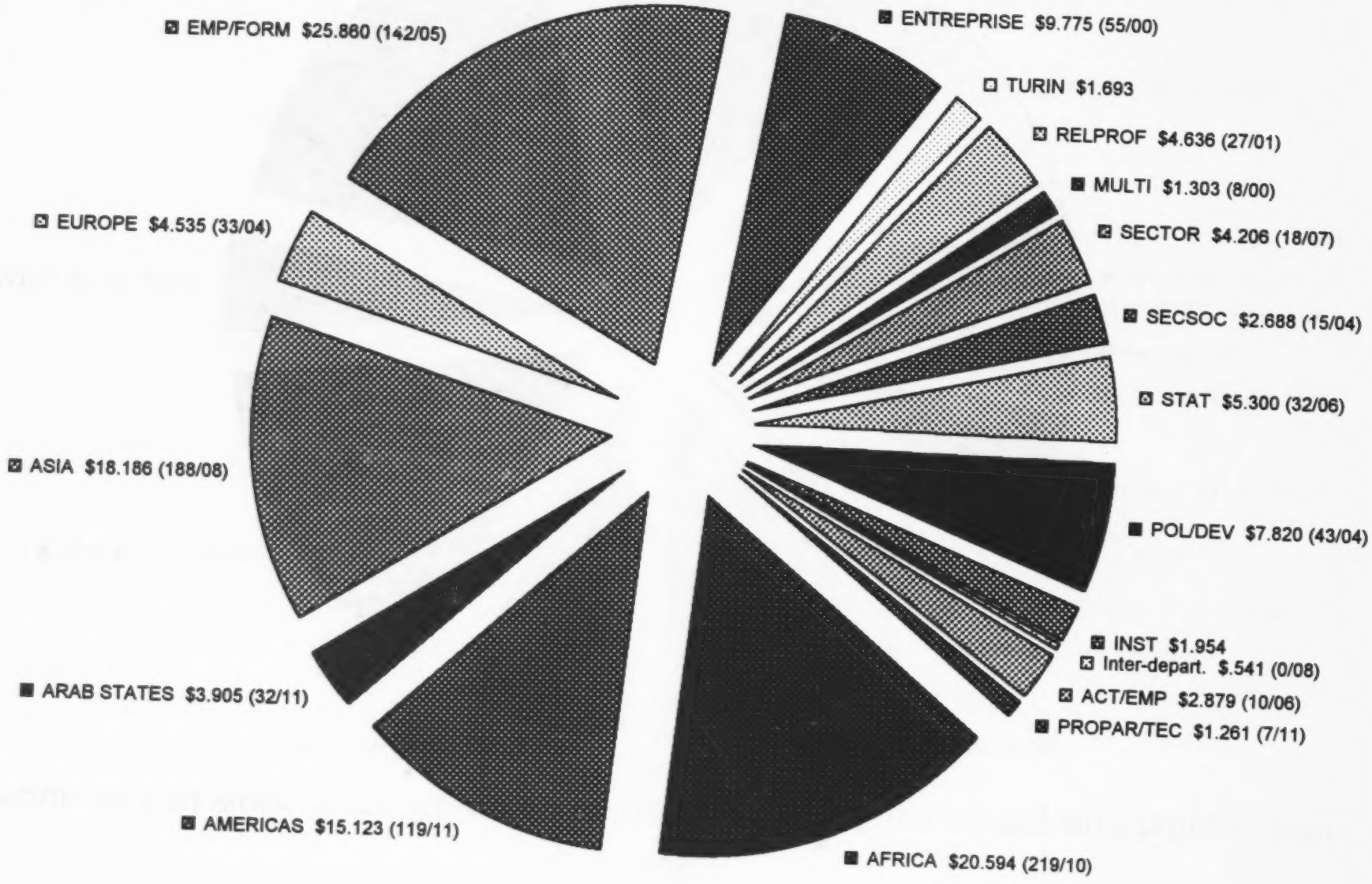


Chart 3

Resources and work-years attributed to the objective of protection of workers

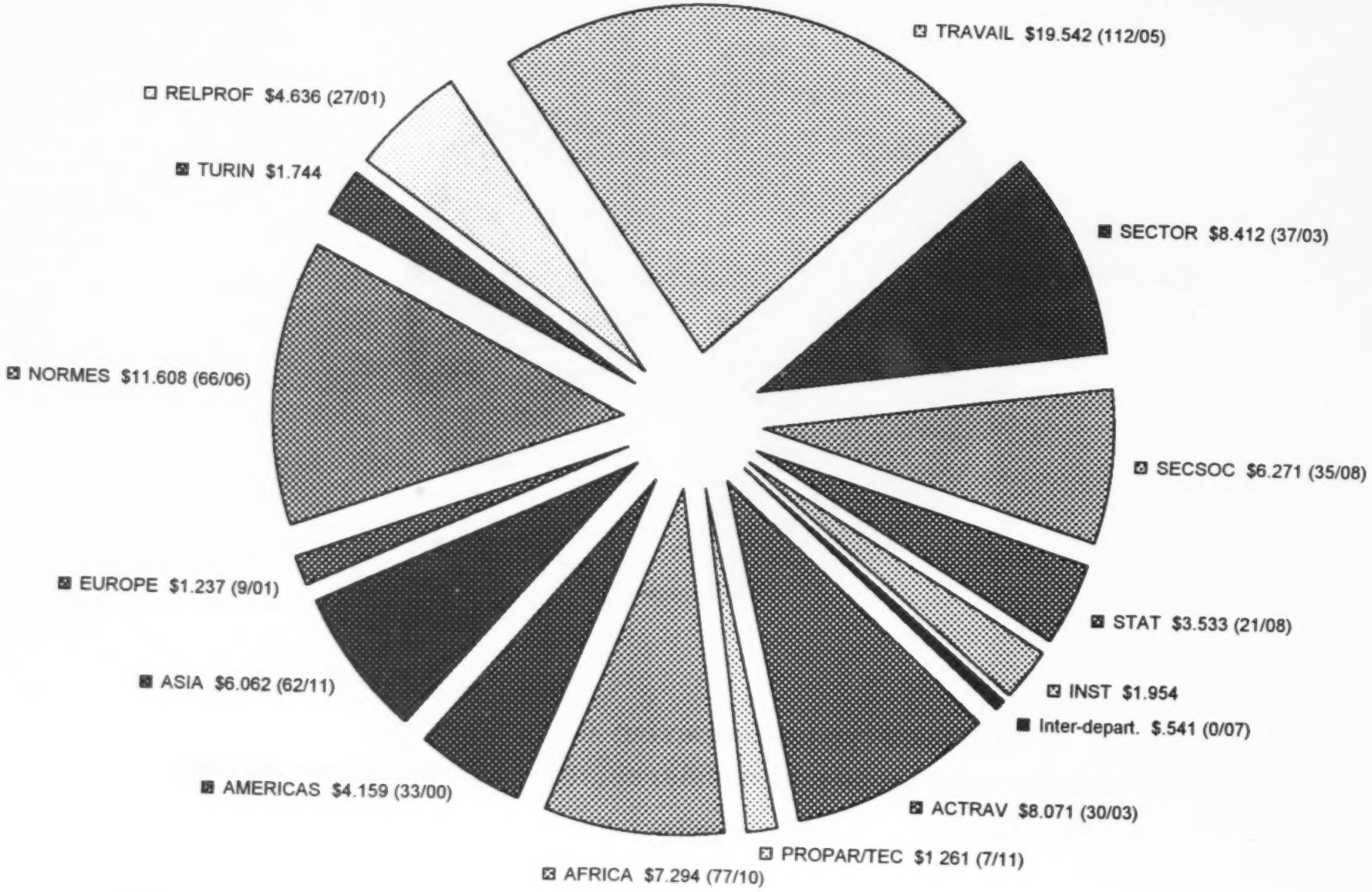
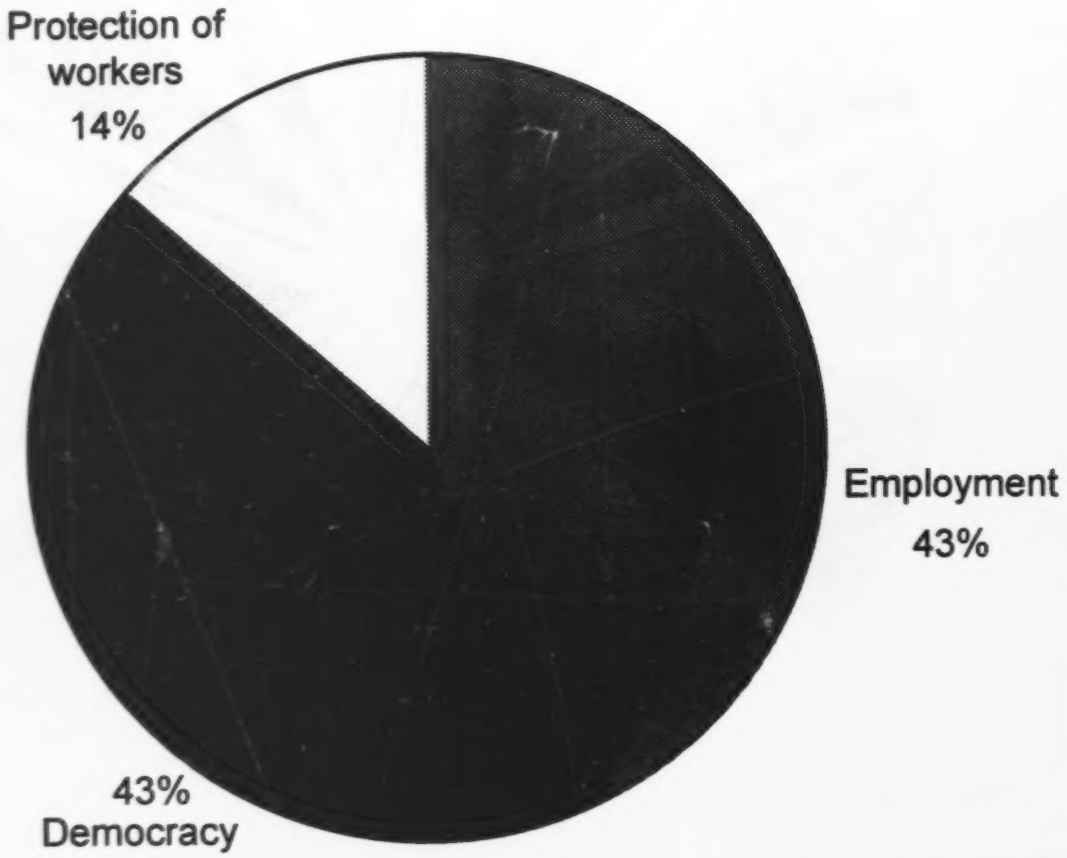


Chart 4

Regular budget resources for the regional and active partnership programs
Distribution by the three main ILO objectives



Director-General's reply to the discussion in the Programme, Financial and Administrative Committee of the Programme and Budget proposals for 1998-99

The Director-General noted that the Programme and Budget proposals for 1998-99 had not given rise to any serious opposition in the course of the discussion. He thought that this was because the proposals reflected the strategy and priorities that the Governing Body itself had established during its two previous discussions — during the preliminary consultations in March 1996 and during the discussion on the preparation of the programme and budget in November 1996.

The examination of the Programme and Budget proposals for 1998-99 the previous week had, however, provoked numerous comments and questions which the members of the General Management and the Director-General had already answered.

The Director-General had concluded from the discussion that there were a great many members of the Committee who found the traditional presentation of the programme and budget unsatisfactory. It should therefore be changed, and he proposed tackling this task in two stages. The first would be the November 1997 discussion of the Director-General's interim report on the implementation of the 1996-97 programme, which would already give some idea of how the next budget proposals might be presented.

The second stage would be the debate on the preliminary consultations of March 1998 on the Programme and Budget proposals for 2000-2001. The views expressed on these two occasions should make it possible to reach agreement on a satisfactory presentation of the budget proposals.

Turning to the budget adjustments, the Director-General recalled that at the start of the debate the week before he had expressed his intention of reducing the programme and budget proposals by an amount equivalent to the cost of inflation, i.e. $11,284,950. The adjustments set out in document GB.268/PFA/6/3 were divided into several categories.

The first consisted of reductions in the level of the budget in constant dollars for all major programmes equivalent to the provision for all cost increases except staff expenditure, delegates' travel and contractual commitments in field offices. The absorption of inflation under non-staff costs should provide a saving of $5.1 million.

The second category was a reduction in staff travel under all major programmes by 10 per cent, a saving of $1.3 million.

The Director-General also proposed suppressing three General Management posts, a saving of $2.3 million including associated costs.

Knowing how sensitive the various groups in the Governing Body were about this subject, he wished to make a few preliminary observations.

The Office currently had 14 General Management posts, nine at headquarters and five in the regions. This was the same as the number of chiefs of department, an anomaly that was invariably mentioned by the outside consultants that the Office recruited from time to time to improve its management. They all found this to be a major source of inefficiency.

Consequently, this proposal not only meant a direct saving but was a way of improving the Office's management, since it would be absurd for the Office to continue to have 14 members of the General Management administering a budget that was getting smaller every year. The Director-General was well aware of the concerns of the various members of the Governing Body, and reminded them that most of the members of the General Management at headquarters would be reaching the end of their term of office during the next biennium. His successor should therefore not have too much difficulty proposing in due course a rational and effective organizational structure for the General Management and filling the six remaining posts with competent people who had the

concerns of the various groups represented on the Governing Body at heart. This was an opportunity that would not recur for a long time and which should not be missed, and he felt that it was his duty to point this out to the Committee.

The fourth category mentioned in document GB.268/PFA/6/3 concerned programme adjustments to the major technical programmes. Overall, these adjustments provided a saving of $600,000 and took into account the views and comments expressed by the members of the Committee in the course of the previous week. They comprised adjustments on which consensus had been reached and the deletion of proposals that had not found sufficient support.

Given the constraint on resources, the only possibility of holding a meeting of the Joint Maritime Commission as requested would be if the Committee on Sectoral and Technical Meetings and Related Issues agreed to include it in the budget proposals instead of one of the sectoral meetings initially agreed on.

The last category of adjustments, amounting to $1.5 million, concerned service and support activities where economies and productivity gains had already been made in recent years. All the adjustments appeared in the document referred to in a new table showing the distribution of resources for 1998-99 by sector of activity.

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.268/PFA/6/3
268th Session

Geneva, March 1997

Programme, Financial and Administrative Committee

PFA

SIXTH ITEM ON THE AGENDA

Programme and Budget proposals for 1998-99

The Director-General's proposals for adjustments to the Programme and Budget proposals for 1998-99

1. Following the discussion in the Committee the Director-General proposes to adjust the original proposals to reduce the overall level of the budget (as re-costed to take account of inflation) by the amount included to cover projected cost increases, i.e. $11,284,950. The adjustments are indicated below, in five categories, as follows:

A. Reductions in the level of the budget in constant dollars for all major programmes equivalent to part of the provision for cost increases relating to non-staff costs.

B. Reduction in staff travel under all major programmes by 10 per cent.

C. Reorganization of General Management.

D. Programme adjustments (technical programmes).

E. Service and support departments: Reductions in non-staff costs.

A. Reductions in the level of the budget in constant dollars for all major programmes equivalent to the provision for cost increases relating to non-staff costs ($5.1 million)

2. The resources for the respective major programmes are to be reduced in real terms by the amounts provided in the original proposals for all cost increases except staff expenditure at standard cost, delegates' travel, and contractual commitments associated with operating expenses in external offices. The reductions by major programme, which necessarily imply real reductions in resources, are shown in column A of Appendix I.

B. Reduction in staff travel under all major programmes by 10 per cent ($1.3 million)

3. The provision for staff travel throughout the Office is to be reduced uniformly by 10 per cent across all major programmes. In addition, under major programme 10 there is a reduction of $50,000, part of the provision for travel by ILO officials in external offices to assist the Conference secretariat each year. These reductions are shown in column B of Appendix I.

C. Reorganization of General Management ($2.3 million)

4. The Director-General proposes to delete the provision for three Deputy Director-General or Assistant Director-General posts. This also implies the elimination of the provision for three General Service positions and $114,000 under other costs. The reduction has been provisionally attributed to major programme 40; the actual reduction will be applied to the major programmes concerned.

D. Programme adjustments (technical sector) ($0.6 million)

5. Taking account of various views expressed in the course of the discussion in the Committee, it is proposed to add provision for a Meeting of Experts on Ambient Factors at the Workplace; to extend the Meeting on Labour Inspection and Child Labour to five days (instead of three days); and to make provision for six Employer and six Worker representatives (rather than the three originally proposed) for the International Conference of Labour Statisticians in 1998. On the other hand, it is envisaged to delete the work item on the labour and social implications of genetic screening under major programme 90 and the action programme on the contribution of industrial relations to regional economic integration under major programme 80. However, research will be carried out in collaboration with major programme 60 (Employment and training) on the labour and social aspects of regional economic integration. After considering the comments in the Committee on the work item concerning structural adjustment, employment and the role of the social partners, it is proposed to transform this item into an action programme. However, the formulation of the relevant text paragraph (60.16) will be sharpened and outputs defined in a more concrete fashion. Finally, it is proposed to reduce the provision for General Service support staff in certain departments. These various adjustments are reflected by major programme in column D of Appendix I and in more detail in Appendix II.

6. The need for a meeting of the Joint Maritime Commission in the 1998-99 biennium was recognized by several speakers during the discussion in the Committee. Taking account of the overall financial constraints and the sectoral nature of this meeting, it is proposed that the Committee on Sectoral and Technical Meetings and Related Issues should be invited to consider whether one of the 12 sectoral meetings already chosen should be delayed until the year 2000 in order to enable the Joint Maritime Commission to meet earlier. (The cost of a Commission meeting is similar to that of an average-sized sectoral meeting.)

E. Service and support departments: Reductions in non-staff costs ($1.5 million)

7. In recent years there has been great pressure to realize economies and productivity gains in the service and support departments of the Office. The scope for further economies has now become very limited, in view of the need to avoid prejudicing the crucial contribution that the work of these departments makes to the technical work of the ILO, both at headquarters and in the regions.

8. However, some non-staff cost reductions have been identified. These are shown in column E of Appendix I. The reduction for major programme 160 (Personnel) implies the slower implementation of PERSIS in field offices. The reduction in the ILO Library will mean a reduced volume of acquisition of materials each year by the Library. The saving under major programme 220 (Relations, meetings and document services) is to be realized mainly by using more in-house staff for interpretation for sectoral meetings, and by reducing the provision for postage costs. The proposed reduction under the information technology and communications major programme will slow the modernization of computer systems in the Office, and make it difficult to resolve various technical problems, including the "Year 2000" problem. A reduction in the provision for ILO contributions to inter-agency bodies amounting to $220,000 has been made possible taking account of up-to-date information on cost-sharing arrangements recently received from the United Nations. Finally, no further reduction can be proposed under the heading for major programme 175 (Internal administration), which is already heavily affected by the programme reduction equivalent to the provision for cost inflation (see column A of Appendix I).

9. Following the recent discussion among the Officers of the Governing Body concerning the Appeals Board of the Conference, it is proposed to delete the provision for travel by members of the Board, realizing a reduction of $32,300.

* * *

10. As indicated in Appendix III, in consequence of these proposed reductions, the overall level of the budget for the biennium 1998-99 at 1996-97 costs will amount to $546,998,824, a decrease of 5.6 per cent compared with the budget approved by the Conference in June 1995. The effect of these adjustments on the distribution of resources among the various sectors of the Office is reflected in Appendix IV. After taking account of the revised estimate of cost increases, the budget for 1998-99 will amount to $557,795,050 at an exchange rate of 1.16 Swiss francs to the dollar. At the rate of exchange prevailing on 19 March 1997 (1.44 Swiss francs to the dollar), the re-costed budget would be equivalent to approximately $485,000,000.

11. ***The Committee may accordingly wish —***

(a) to propose that the Governing Body recommend to the International Labour Conference at its 85th Session (June 1997) a provisional programme level of $557,795,050 estimated at the 1996-97 budget exchange rate of 1.16 Swiss francs to the US dollar, the final exchange

rate and the corresponding US dollar level of the budget and Swiss franc assessment to be determined by the Conference;

(b) to submit to the Governing Body for proposal to the Conference at the same session a resolution for the adoption of the programme and budget for the 66th financial period (1998-99) and for the allocation of expenses among member States in that period in the following terms:

The General Conference of the International Labour Organization, in virtue of the Financial Regulations, passes for the 66th financial period, ending 31 December 1999, the budget of expenditure for the International Labour Organization amounting to $..... and the budget of income amounting to $....., which, at the budget rate of exchange of ..... Swiss francs to the US dollar, amounts to ..... Swiss francs, and resolves that the budget of income, denominated in Swiss francs, should be allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives.

Geneva, 20 March 1997.

Point for decision: Paragraph 11.

Appendix I

Summary of reductions by major programme

Major programme	A Programme reductions related to cost increases	B Reduction of 10% under staff travel	C Reorganization of General management	D Programme adjustments (Technical programmes)	E Programme adjustments (Service & support)	TOTAL REDUCTIONS
10 International Labour Conference	364,900	50,000	-	-	32,300	447,200
20 Governing Body	-	-	-	-	-	-
30 Major Regional Meetings	10,910	-	-	-	-	10,910
40 General Management	47,585	-	2,300,000	-	-	2,347,585
50 International Labour Standards and Human Rights	100,416	42,337	-	-	-	142,753
60 Employment and Training	132,147	132,400	-	26,480	-	291,027
65 Enterprise and Cooperative Development	69,657	52,414	-	86,040	-	208,111
75 Turin Centre	205,000	-	-	-	-	205,000
80 Industrial Relations and Labour Administration	58,333	51,119	-	310,384	-	419,836
85 Multinational Enterprises	1,525	2,888	-	-	-	4,413
90 Working Conditions and Environment	104,609	54,713	-	37,032	-	196,354
100 Sectoral Activities	46,530	19,100	-	-	-	65,630
110 Social Security	47,110	27,547	-	114,720	-	189,377
120 Statistics	40,570	12,500	-	6,360	-	59,430
125 Development Policies	61,191	33,342	-	114,720	-	209,253
130 International Institute for Labour Studies	138,250	-	-	-	-	138,250
140 Equality for Women	8,440	2,741	-	-	-	11,181
145 Interdepartmental Activities	16,515	11,000	-	-	-	27,515
160 Personnel	85,665	35,743	-	-	81,257	202,665
170 Financial Services	15,930	20,267	-	-	35,000	71,197
175 Internal Administration	1,039,061	5,000	-	-	-	1,044,061
180 Publications	46,710	6,800	-	-	100,200	153,710
185 Information Technology and Communications	121,890	14,017	-	-	235,822	371,729
190 Library and Documentation	128,030	2,397	-	-	143,268	273,695
200 Programming and Management	11,525	22,796	-	-	-	34,321
210 Legal Services	3,180	4,808	-	-	20,000	27,988
220 Relations, Meetings and Document Services	327,758	3,075	-	(128,600)	480,000	682,233
225 Employers' Activities	117,680	15,435	-	-	-	133,115
230 Workers' Activities	368,885	57,400	-	-	-	426,285

Maior programme	A Programme reductions related to cost increases	B Reduction of 10% under staff travel	C Reorganization of General management	D Programme adjustments (Technical programmes)	E Programme adjustments (Service & support)	TOTAL REDUCTIONS
235 Public Information	107,490	27,395	-	-	51,036	185,921
240 International Relations	10,420	19,841	-	-	15,000	45,261
245 Active Partnership and Technical Cooperation	3,950	6,500	-	-	70,560	81,010
250 Field Programmes in Africa	456,183	183,125	-	-	-	639,308
260 Field Programmes in the Americas	296,035	157,792	-	-	-	453,827
265 Field Programmes in Arab States	109,220	43,164	-	-	-	152,384
270 Field Programmes in Asia & the Pacific	326,374	176,425	-	-	-	502,799
280 Field Programmes in Europe & Central Asia	67,970	52,922	-	-	-	120,892
290 Other Budgetary Provisions	-	-	-	-	220,000	220,000
TOTAL	**5,097,644**	**1,347,003**	**2,300,000**	**567,136**	**1,484,443**	**10,796,226**

Appendix II

Programme reductions in the technical programmes

(Figures in parentheses refer to additional resources)

Major programme		Work item	Work-months Prof.	G.S.	Other costs	TOTAL
60	-	Transform the work item on Structural adjustment, employment and the social partners into an action programme	-	-	(50,000)	(50,000)
	-	Reduce General Service support staff	-	8	-	76,480
65		Reduce General Service support staff	-	9	-	86,040
80	-	Delete action programme on the contribution of industrial relations to regional economic integration	24	9	55,000	479,728
	-	Add provision for related research work	(12)	-	-	(169,344)
90	-	Delete work item on the labour and social implications of genetic screening	12	6	20,000	246,704
	-	Addition of 2 days in the length of the Meeting of Experts on Labour Inspection and Child Labour including interpretation (interpretation will be added under major programme 220)	-	-	(87,000)	(87,000)
	-	Add resources for the Meeting of Experts on Ambient Factors at the Workplace including provision for interpretation (interpretation will be added to major programme 220)	(6)	-	(166,600)	(251,272)
110	-	Reduce General Service support staff	-	12	-	114,720
120	-	Add 3 Employer and 3 Worker representatives for the 16th International Conference of Labour Statisticians	-	-	(51,000)	(51,000)
	-	Reduce General Service support staff	-	6	-	57,360
125	-	Reduce General Service support staff	-	12	-	114,720
		TOTAL PART D	**18**	**62**	**(279,600)**	**567,136**

Appendix III

Provisional programme level resulting from the adjustments proposed by the Director-General

			1998-99 Provisional level ($)
PART I	**Ordinary budget**		
	Initial proposals in constant dollars (at SFr 1.16 to $US1)		556 920 050
	Net programme adjustments as per Appendix I		(10 796 226)
	Initial cost increases	11 284 950	
	Reduction in cost increase provision resulting from programme adjustments	(488 724)	
			10 796 226
NET PART I			556 920 050
PART II	**Unforeseen expenditure**		875 000
PART III	**Working Capital Fund**		-
1998-99	**Provisional programme level**		**557 795 050**

Comparison with the Programme and Budget for 1996-97

		1996-97 Budget ($)	1998-99 Provisional level ($)	Increase (Decrease) compared with 1996-97 ($)
PART I	Programmes of activity	578 625 000	546 123 824	(32 501 176)
	Cost increases		10 796 226	10 796 226
PART II	Unforeseen expenditure	875 000	875 000	-
PART III	Working Capital Fund	-	-	-
	Total budget (Parts I, II and III)	**579 500 000**	**557 795 050**	**(21 704 950)**

Appendix IV

Summary of the Programme and Budget proposals for 1998-99

(taking account of the proposed adjustments)

Sector	1996-97 Programme and Budget	% of total budget	1998-99 Proposals (as adjusted)	% of total budget	Difference	
					in US $	in %
Policy making organs	92,493,834	15.96%	79,933,657	14.61%	-12,560,177	-13.58%
General management	9,488,450	1.64%	7,140,865	1.31%	-2,347,585	-24.74%
Technical programmes at HQ	*177,588,612*	*30.65%*	*171,032,947*	*31.27%*	*-6,555,665*	*-3.69%*
Regional services	*145,623,827*	*25.13%*	*145,418,072*	*26.58%*	*-205,755*	*-0.14%*
Substantive and operational programmes	323,212,439	55.77%	316,451,019	57.85%	-6,761,420	-2.09%
Service and support activities	132,145,378	22.80%	123,577,241	22.59%	-8,568,137	-6.48%
Miscellaneous	22,159,899	3.82%	19,896,042	3.64%	-2,263,857	-10.22%
	579,500,000		**546,998,824**		**-32,501,176**	**-5.61%**

Programme and Budget proposals for 1998-99

Resolution for submission to the International Labour Conference as presented by the Government of the United Kingdom

The General Conference of the International Labour Organization, in virtue of the Financial Regulations, passes for the 66th financial period, ending 31 December 1999, the budget of expenditure for the International Labour Organization amounting to $..... and the budget of income amounting to $....., which, at the budget rate of exchange of ..... Swiss francs to the US dollar, amounts to ..... Swiss francs.

Bearing in mind —

— that, in adopting the budgets of income and expenditure for the 65th financial period, the General Conference requested the Director-General to present proposals to the Programme, Financial and Administrative Committee for adjustments to the budget of expenditure;

— that the Governing Body, at its 264th (November 1995) Session, accordingly agreed to make downward adjustments amounting to $21,704,950;

— that, in consequence, if the budget of income is fully received, it is expected that there will be a budgetary surplus for the 65th financial period arising from the downward adjustments and amounting to $21,704,950, which, at the budget rate of exchange for that financial period, would amount to 25,177,742 Swiss francs;

the General Conference resolves,

— that, in derogation from article 18 of the Financial Regulations, the said expected budgetary surplus of 25,177,742 Swiss francs shall be treated as budgetary income for 1998;

— that, in derogation from article 10.1 of the Financial Regulations, the remainder of the budget of income, denominated in Swiss francs, shall be financed from contributions from member States amounting to ..... Swiss francs in 1998 and ..... Swiss francs in 1999, allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives for those years; and

— that, should the said budgetary surplus be less than 25,177,742 Swiss francs, arrears of contributions received shall be used to finance the income budget for the 66th financial period, subject however to the resolution adopted by the General Conference at its 82nd Session (June 1995) concerning the utilization of arrears of contributions to cover budgetary deficits.

Expenditure		1996-97 budget	1998-99 estimates
		US dollars	
Part I			
	Ordinary budget	578,625,000	556,920,050
Part II			
	Unforeseen expenditure	875,000	875,000
Total budget		579,500,000	557,795,050

Income		1996-97 budget		1998-99 estimates	
		US dollars	Swiss francs	US dollars	Swiss francs
1998:					
	1996-97 cash surplus			21,704,950	25,177,742
	Contributions from member States	289,750,000	336,110,000	268,045,050	310,932,258
		289,750,000	336,110,000	289,750,000	336,110,000
1999:					
	Contributions from member States	289,750,000	336,110,000	268,045,050	310,932,258
		289,750,000	336,110,000	268,045,050	310,932,258
		579,500,000	672,220,000	557,795,050	647,042,258

Programme and Budget proposals for 1998-99

Proposal by the IMEC Governments

(a) The Programme, Financial and Administrative Committee may wish to recommend to the Governing Body that it request the Director-General to present information on the Programme and Budget for 1998-99 to the International Labour Conference as set out in Part A of the Appendix hereto.

(b) The Committee may further wish to recommend to the Governing Body that it request the Director-General to take into account the requirements set out in Part B of the Appendix in relation to the preparation of future programmes and budgets of the ILO.

Appendix

A. For the International Labour Conference in June 1997, based on discussions on the Programme and Budget for 1998-99 and building on the information contained in GB.268/PFA/6/S2, the Office should present a one-time only supplementary document that clearly outlines the strategic thinking underlying the programme and budget, and to the extent possible:

(a) states overall priority objectives and sub-objectives in terms of desired outcomes for the biennium, to allow monitoring and evaluation of results;

(b) indicates financial and staff resources allocated to each of these priorities, noting any significant trends or resource shifts towards new orientations;

(c) indicates the strategic approach for implementing technical cooperation activities through active partnership programmes and multidisciplinary teams, and resources allocated at the regional and country level;

(d) provides information, where possible, on major evaluations planned for the biennium;

(e) links research activities to priorities.

B. For future programmes and budgets, commencing with the Programme and Budget for 2000-2001, the Office should present an integrated draft programme and budget, in two sections as follows:

(a) an introductory "strategic programme and budget overview" that outlines the strategic thinking and internal working methods on which the programme and budget is based; and presents information in tabular or chart form where appropriate, in accordance with primary objectives and sub-objectives as follows:

  (i) provides a clear statement of overall objectives and sub-objectives in terms of desired outcomes for the period;

  (ii) for each of these, on the programme and subprogramme level, states specific objectives and priority activities in such a way as to permit monitoring and evaluation of results measured against stated priorities;

  (iii) for regional and active partnership programmes, provides a breakdown of spending under the substantive major programmes and indicates how the activities in these programmes, including at the country level, relate to the three priority objectives; and resources allocated to developing countries, in particular the poorest;

  (iv) where possible, indicates how evaluation results have been taken into account;

  (v) shows financial and staff resource allocations for the objectives and sub-objectives;

  (vi) indicates shifts and trends between priorities;

  (vii) differentiates between activities required for legal and regulatory obligations, and those chosen on the basis of policy and programme considerations;

  (viii) indicates discontinued and new activities;

(b) an administrative/accounting budget in the present analytical form.

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.268/PFA/6/4
268th Session

Geneva, March 1997

Programme, Financial and Administrative Committee

PFA

SIXTH ITEM ON THE AGENDA

Programme and Budget proposals for 1998-99

The Director-General's proposals for further adjustments to the Programme and Budget proposals for 1998-99

1. During the discussion in the Committee on 21 March of the Director-General's proposals to adjust the original proposals (GB.268/PFA/6/3) there appeared to be broad acceptance of most of the adjustments suggested (notwithstanding certain hesitations, which will be recorded in the Third Report of the Committee), apart from that concerning the suppression of three senior posts associated with General Management. In order to advance the work of the Committee the present document presents three scenarios, as suggested by the representative of the Government of Germany towards the conclusion of the discussion, as follows:

Scenario I: No reductions other than those already accepted on 21 March.

Scenario II: Further reductions as suggested by the Director-General in the course of the discussion on 21 March.

Scenario III: Further reductions "across-the-board".

Scenario I: No reductions other than those already accepted on 21 March

2. If no further reductions are agreed, then the acceptance of all the adjustments contained in categories A, B, D and E of GB.268/PFA/6/3 would imply an overall budget level of $549,298,824 in constant dollars (i.e. a reduction of 5.2 per cent in real terms), corresponding to $560,031,890 in nominal dollars at a constant exchange rate of 1.16 Swiss francs to the dollar (i.e. a decrease in nominal dollar terms of 3.4 per cent). At the rate of exchange prevailing on 19 March 1997 (1.44 Swiss francs to the dollar), the recosted budget would be approximately equivalent to $487 million or a reduction of 15.9 per cent compared with the corresponding level for the biennium 1996-97.

Scenario II: Further reductions as suggested by the Director-General in the course of the discussion on 21 March

3. The further adjustments suggested by the Director-General in his oral statements on 21 March are detailed in Appendix I attached. If these reductions were accepted, this would imply an overall budget level of $547,101,620 in constant dollars (i.e. a decrease of 5.6 per cent in real terms compared with the budget approved by the Conference in June 1995); which after providing for cost increases corresponds to $557,795,050 at an exchange of 1.16 Swiss francs to the dollar (i.e. a decrease in nominal dollar terms of 3.75 per cent). At the rate of exchange prevailing on 19 March 1997 (1.44 Swiss francs to the dollar), the recosted budget would be equivalent to approximately $485 million or a reduction of 16.3 per cent compared with the corresponding level for the biennium 1996-97.

Scenario III: Further reductions "across-the-board"

4. The most neutral way of reducing budgetary provisions in the headquarters major programmes is to reduce the present provision for contractual services in the same proportion for each major programme. The main components in this object of expenditure are external collaboration, which includes consultancy services in specialist fields and external printing. In the regions it is envisaged to make a reduction in non-staff costs in proportion to the total budget for each region. (This reduction will in fact be considerably lower in proportion to the total budget for the regional major programmes than the corresponding proportion for headquarters major programmes.) Finally, in Scenario III it is suggested to maintain three reductions which already figure in Scenario II, namely: the elimination of any provision for the replenishment of the Building and Accommodation Fund; the deletion of one General Service post under major programme 220 (Relations, meetings and documents services); and the reduction of resources for the enhancement of the usefulness of ILO databases (under major programme 145). The reductions by major programme identified in this way are shown in Appendix II attached.

5. In Scenario III the overall level of the budget would be virtually identical to that indicated in paragraph 3 above.

6. When the work of the Committee has been concluded, a table will be prepared summarizing the total effect on the resource provision for each major programme of: the adjustments already agreed in principle, i.e. categories A, B, D and E of the earlier paper; and the decision now before it concerning the choice between Scenarios I, II and III. This summary table (similar in format to Summary table 1 in the original proposals of the Director-General) will be attached to the Third Report of the Committee when it is submitted to the Governing Body.

7. ***The Committee may accordingly wish:***

(a) to choose between Scenarios I, II and III summarized above and detailed in the appendices attached;

(b) to propose that the Governing Body recommend to the International Labour Conference at its 85th Session (June 1997) a provisional

programme level of $...,...,... [1] ***estimated at the 1996-97 budget exchange rate of 1.16 Swiss francs to the US dollar, the final exchange rate and the corresponding US dollar level of the budget and Swiss franc assessment to be determined by the Conference;***

(c) to submit to the Governing Body for proposal to the Conference at the same session a resolution for the adoption of the programme and budget for the 66th financial period (1998-99) and for the allocation of expenses among member States in that period in the following terms:

The General Conference of the International Labour Organization, in virtue of the Financial Regulations, adopts for the 66th financial period, ending 31 December 1999, the budget of expenditure for the International Labour Organization amounting to $..... and the budget of income amounting to $....., which, at the budget rate of exchange of .... Swiss francs to the US dollar, amounts to ..... Swiss francs.

Bearing in mind —

— that, in adopting the budgets of income and expenditure for the 65th financial period, the General Conference requested the Director-General to present proposals to the Programme, Financial and Administrative Committee for adjustments to the budget of expenditure;

— that the Governing Body, at its 264th (November 1995) Session, accordingly agreed to make downward adjustments amounting to $21,704,950;

— that, in consequence, if the budget of income is fully received, it is expected that there will be a budgetary surplus for the 65th financial period arising from the downward adjustments and amounting to $21,704,950, which, at the budget rate of exchange for that financial period, would amount to 25,177,742 Swiss francs;

the General Conference resolves —

— that, in derogation from article 18 of the Financial Regulations, the said expected budgetary surplus of 25,177,742 Swiss francs shall be treated as budgetary income for 1998;

— that, in derogation from article 10.1 of the Financial Regulations, the remainder of the budget of income, denominated in Swiss francs, shall be financed from contributions from member States amounting to ..... Swiss francs in 1998 and ..... Swiss francs in 1999, allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives for those years; and

— that, should the said budgetary surplus be less than 25,177,742 Swiss francs, arrears of contributions received shall be used to finance the income budget for the 66th financial period, subject however to the resolution adopted by the General Conference at its 82nd Session (June 1995) concerning the utilization of arrears of contributions to cover budgetary deficits.

Geneva, 24 March 1997.

Point for decision: Paragraph 7.

[1] The figure to be inserted here is $560,031,890 under Scenario I; and $557,795,050 under Scenarios II and III.

Appendix I

Summary of programme reductions (Scenario II)

Major programme		Work item	Work-months Prof.	Work-months G.S.	Other costs	Total
60, 65, 80, 85, 90, 110, 120, 125	-	Reductions in the technical major programmes in staff and non-staff costs to be determined by department directors	-	33	225,080	540,560
145	-	Reduce provision for the project on enhancing the usefulness of ILO databases	-	-	110,000	110,000
220	-	Reduce provision for typing services by one G.S. post	-	24	-	229,440
250-280	-	Reduce provisions for external collaboration, communications, supplies and equipment	-	-	500,000	500,000
290	-	Eliminate provision for the replenishment of the Building and Accommodation Fund			387,935	387,935
		Meetings				
65 & 145	-	Delete provision for the ILO Social Forum and the ILO Enterprise Forum	8	-	293,570	406,466
	or					*or*
225 & 230	-	Postpone the International Symposium on the Future of Employers' Organizations and the International Symposium on Trade Unions and the Informal Sector until the biennium 2000-2001	4	-	394,394	450,842
	or					*or*
100	-	Postpone one sectoral meeting until the biennium 2000-2001	-	-	430,500	430,500
145	-	Further modify the provision for the project on the enhancement of ILO databases by the amount necessary to realize the total reduction shown below				
		Total reduction				**2,197,204**

The total shown above in constant dollars becomes $2.3 million when cost increases are incorporated.

Appendix II

Summary of programme reductions (Scenario III)

	Major programme	Total reduction
10	International Labour Conference	145,000
20	Governing Body	-
30	Major Regional Meetings	10,456
40	General Management	-
50	International Labour Standards and Human Rights	46,180
60	Employment and Training	180,842
65	Enterprise and Cooperative Development	67,718
75	Turin Centre	-
80	Industrial Relations and Labour Administration	51,185
85	Multinational Enterprises	2,374
90	Working Conditions and Environment	78,207
100	Sectoral Activities	46,973
110	Social Security	43,815
120	Statistics	44,899
125	Development Policies	30,610
130	International Institute for Labour Studies	-
140	Equality for Women	3,374
145	Interdepartmental Activities	150,000
160	Personnel	36,397
170	Financial Services	20,071
175	Internal Administration	5,170
180	Publications	80,103
185	Information Technology and Communications	24,266
190	Library and Documentation	43,944
200	Programming and Management	4,662
210	Legal Services	9,988
220	Relations, Meetings and Document Services	250,634
225	Employers' Activities	13,501
230	Workers' Activities	38,094
235	Public Information	61,768
240	International Relations	6,157
245	Active Partnership and Technical Cooperation	1,880
250	Field Programmes in Africa	89,500
260	Field Programmes in the Americas	79,000
265	Field Programmes in Arab States	18,000
270	Field Programmes in Asia & the Pacific	84,500
280	Field Programmes in Europe & Central Asia	29,000
290	Other Budgetary Provisions	387,935
		2,186,202

Programme and Budget proposals for 1998-99

Proposal by the IMEC Governments

The Programme, Financial and Administrative Committee may wish to recommend to the Governing Body that, without prejudice to the Programme and Budget proposals for 1998-99 as approved by the Governing Body for submission to the Conference, it request the Director-General to:

— provide a covering document for the Programme and Budget for 1998-99 to the International Labour Conference that would pull together information from the Programme and Budget proposals for 1998-99, the introductory presentation by the Director-General to the Governing Body, the information presented in GB.268/PFA/6/S2, and the replies by senior management during the PFAC deliberations, in order to provide ILC participants with a cohesive overview of the strategic priorities with the supporting activities and resources.

Such a presentation would also promote a better understanding in the public domain of the objectives and work programme of the ILO.

Provisional programme level resulting from the adjustments proposed by the Director-General

			1998-99 Provisional level ($)
PART I	Ordinary budget		
	Initial proposals in constant dollars (at SFr 1.16 to $US1)		556 920 050
	Net programme adjustments		(10 682 428)
	Initial cost increases	11 284 950	
	Reduction in cost increase provision resulting from programme adjustments	(602 522)	
			10 682 428
NET PART I			556 920 050
PART II	Unforeseen expenditure		875 000
PART III	Working Capital Fund		-
1998-99	Provisional programme level		557 795 050

Comparison with the Programme and Budget for 1996-97

		1996-97 Budget ($)	1998-99 Provisional level ($)	Increase (Decrease) compared with 1996-97 ($)
PART I	Programmes of activity	578 625 000	546 237 622	(32 387 378)
	Cost increases		10 682 428	10 682 428
PART II	Unforeseen expenditure	875 000	875 000	-
PART III	Working Capital Fund	-	-	-
	Total budget (Parts I, II and III)	579 500 000	557 795 050	(21 704 950)

Appendix X

Proposed expenditure budget for 1998–99 by major programme
(in US Dollars)

ITEM	TITLE	1996–97 Budget	1998–99 Estimates (in constant 1996–97 dollars)	1998–99 Estimates (Recosted)
	PART I. Ordinary Budget			
10	International Labour Conference	15,815,671	12,464,286	12,815,886
20	Governing Body	2,766,718	2,846,718	2,846,718
30	Major Regional Meetings	3,253,264	838,634	849,244
40	General Management	9,488,450	9,440,865	9,347,934
50	International Labour Standards and Human Rights	23,808,796	23,026,679	23,216,125
60	Employment & Training	28,190,425	27,428,483	27,650,418
65	Enterprise and Cooperative Development	12,137,226	11,942,642	12,046,087
75	Turin Centre	5,130,000	4,925,000	5,130,000
80	Industrial Relations and Labour Administration	12,803,716	13,577,466	13,669,923
85	Multinational Enterprises	1,302,629	1,295,842	1,305,953
90	Working Conditions and Environment	20,384,037	19,267,424	19,418,581
100	Sectoral Activities	17,672,696	13,907,354	14,001,140
110	Social Security	8,269,579	8,725,984	8,800,920
115	International Social Security Association	724,600	–	–
120	Statistics	9,035,080	8,728,281	8,748,377
125	Development Policies	7,936,235	7,580,483	7,653,454
130	International Institute for Labour Studies	6,021,750	5,783,500	5,918,250
140	Equality for Women	871,013	1,296,226	1,305,990
145	Interdepartmental Activities	1,240,350	1,460,451	1,477,050
160	Personnel	18,751,715	18,866,102	18,888,443
170	Financial Services	15,406,385	14,852,646	14,734,268
175	Internal Administration	46,608,340	42,284,864	42,880,204
180	Publications	9,238,340	7,035,523	7,097,327
185	Information Technology and Communications	15,552,272	14,821,367	14,965,945
190	Library and Documentation	9,571,250	9,148,921	9,229,863
200	Programming and Management	6,356,931	5,971,242	6,022,571
210	Legal Services	3,224,768	3,186,792	3,183,068
220	Relations, Meetings and Document Services	67,433,413	60,181,149	60,213,635
225	Employers' Activities	5,805,717	5,612,036	5,740,004
230	Workers' Activities	16,254,763	15,677,325	16,075,902
235	Public Information	6,243,077	5,948,388	6,045,175
240	International Relations	4,417,068	4,365,650	4,422,862
245	Active Partnership and Technical Cooperation	4,390,636	3,739,618	3,761,668
250	Field Programmes in Africa	42,395,999	42,175,667	43,599,714
260	Field Programmes in the Americas	37,403,162	37,273,798	39,180,289
265	Field Programmes in Arab States	8,498,506	8,508,122	8,714,812
270	Field Programmes in Asia & the Pacific	39,911,608	39,825,509	42,966,170
280	Field Programmes in Europe & Central Asia	13,023,916	13,593,478	13,829,324
290	Other Budgetary Provisions	25,959,010	23,307,218	23,895,341
	Adjustment for Staff Turnover	(4,674,111)	(4,674,111)	(4,728,585)
	Total of Part I	578,625,000	546,237,622	556,920,050
	PART II. Unforseen Expenditure			
295	Unforeseen Expenditure	875,000	875,000	875,000
	PART III. Working Capital Fund			
296	Working Capital Fund	–	–	–
	Total Parts (I–III)	579,500,000	547,112,622	557,795,050

Annex 2

Report of the Government members of the Committee on Allocations Matters (GB.268/7/4 (Rev.1))

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.268/7/4(Rev.1)
268th Session

Geneva, March 1997

SEVENTH ITEM ON THE AGENDA

Reports of the Programme, Financial and Administrative Committee

Report of the Government members of the Committee on Allocations Matters

1. The Government members of the Programme, Financial and Administrative Committee of the Governing Body met on 17 March 1997 under the chairmanship of Mr. M. Zahran, Chairman of the Government group, who acted as Reporter.

Assessment of contributions of new member States
(First item on the agenda)

2. The Government members considered a paper [1] proposing a rate of assessment for St. Kitts and Nevis, which had joined the ILO in June 1996.

3. ***The Government members recommend to the Governing Body that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with the rates of assessment in the United Nations, it propose to the Conference that the contribution of St. Kitts and Nevis to the ILO budget for the period of its membership in the Organization in 1996 and 1997 be based on an annual assessment rate of 0.01 per cent.***

Scales of assessment of contributions to the budget for the 1998-99 financial period
(Second item on the agenda)

4. The Government members had before them a paper [2] recommending a draft scale of assessments for ILO member States for 1998. In common with past practice this was based on the latest rates of assessment for ILO member States in the United Nations scale of assessment of contributions.

[1] GB.268/PFA/GMA/1.

[2] GB.268/PFA/GMA/2.

5. The representative of the Government of the United States said that during the course of 1997 his Government was launching an effort aimed at stabilizing the financial situation of the United Nations and other international organizations. The objective was to ensure that these agencies were stronger, more effective and better equipped to meet the challenges of the next century.

6. The United States was the largest single contributor to the United Nations and to many other international organizations. This year the United States administration was asking Congress for full funding of its payment obligations and had proposed a two-year plan for payment of its arrears, which added up to about $1 billion. The United Nations and other international organizations such as the ILO would not achieve their full potential until they had made steps to put themselves back on a healthy and sustainable financial basis, one in which the flow of financial resources was more secure, more predictable and more broadly based. A comparison of the trends of national budgets of member States and those of international organizations over recent years would show that greater budgetary discipline was required in the international organizations.

7. The United States Government believed that one of the most important steps in this regard was to negotiate an adjustment in the United Nations scale of assessments which was used as a base for the ILO scale. Such an adjustment was necessary to broaden the base of participation in the system so as to spread the responsibility for payments in a more rational manner and, looking at changes in the world economy, to reduce dependence on the United States as the largest contributor. Members would be aware that discussions were already under way in New York to adjust the United Nations scale of assessments for the 1998-99 biennium, and the United States had recently submitted a proposal for such an adjustment at a meeting of the High-Level Working Group. These discussions would continue in the months ahead with a view to agreeing a new scale to become effective at the beginning of the 1998-99 United Nations budget biennium. Changes in the United Nations scale of assessments were eventually reflected in the scales of other international organizations such as the ILO, whose assessments were based on the United Nations scale. Normally, there was a one-year lag between adoption of a new scale in the United Nations and its adoption in other international organizations. With the objective of moving more quickly towards harmonization with the United Nations scale and financial stability in international organizations, the United States wished to propose an accelerated procedure for the application of a revised United Nations scale, not only to the ILO but also to some of the other larger specialized agencies.

8. Essentially, the proposal was for this Governing Body to recommend that the International Labour Conference give the Director-General the authority to make the necessary adjustments once the new scale was adopted in the United Nations. A new United Nations scale for 1998 was expected to be adopted by the United Nations before the end of this year. If the proposal was adopted the revised scale, both in the United Nations and these agencies, would apply from 1 January 1998.

9. This procedure would probably require adjustments to articles 9 and 10 of the Financial Regulations, because the statement of assessments of Members required under article 9 could only be finalized after the adoption by the United Nations General Assembly of its scale of assessments for 1998, and the notification required under article 10 to all member States advising of the amount due for 1998 could not be given immediately after the end of the Conference and would also have to wait until after the United Nations decision. The practical effect of this modification would be simply to advance by one year the implementation of the new United Nations scale, because the United Nations scale and others based on it would all take effect from the same date. He urged the other Government members of the Committee to support this modification to the point for decision.

10. The representative of the Government of the Russian Federation expressed support for the proposal put forward by the previous speaker. This proposal concerned the harmonization of the 1998 scale of assessments for the ILO with the new United Nations scale for 1998 to be approved by the General Assembly. This decision would simply give effect to other decisions in past years. It would not prejudge the decisions of the General Assembly; it would simply give more precise effect to the principle of harmonization of the scales in the two Organizations.

11. The representative of the Government of the Islamic Republic of Iran also proposed that immediate effect be given in the ILO to the scales adopted by the United Nations. Since the scales decided by the United Nations for 1998 may differ from those suggested in the paper for the ILO, there may be a divergence from the principle of full harmonization. This proposal would overcome such a problem.

12. The representative of the Government of Japan said that the United Nations would not decide its scale for 1998 until towards the end of this year and it was impossible to anticipate what its decision would be. The procedure for fixing ILO assessment rates had been in place for many years and it would be unwise to adopt a proposal which would have the effect of retroactively fixing the contributions due by each member State, and for that reason he was opposed to the proposal.

13. The representative of the Government of Canada said that her Government's position was on the record in New York — contributions should be determined by the principle of capacity to pay — and she wished to place it on the record in Geneva. At present, there was no information on the outcome of those discussions and a final decision was unlikely before December. The effect of the proposal could be that countries like her own, which paid in full and on time, could be looking at retroactive adjustments to the contribution payable, changes in national accounts, and possibly additional funding through supplementary estimates in Parliament. If all these factors were taken together the arguments in favour of the proposal were not persuasive and she supported the original point for decision in the document. She associated herself with the comments of the representative of the Government of Japan and would not support a delegation of authority to the Director-General for setting scales of assessments because of possible future

repercussions of such a precedent. The International Labour Conference was the appropriate authority to take this decision and it should stay that way.

14. The representative of the Government of Slovakia believed that the scale of contributions to various international organizations should be fully harmonized with the UN scales of assessment and therefore agreed with the proposal put forward by the United States representative. The proposal would not give authority to the Director-General to decide a scale of assessments. This would be done by the UN General Assembly and the Office would simply continue the present practice in using the UN rates with minor adjustments to allow for differences in membership.

15. The representative of the Government of France expressed agreement with the comments put forward by the representatives of Japan and Canada, and could not support the proposal put forward by the United States representative. There was no way of knowing the results of discussions currently taking place in New York and since a final decision was unlikely until late in the year the national parliaments, most of which discussed the budget before that date, would have to reconsider decisions already taken. The disadvantages outweighed the advantages and he expressed support for the point for decision as it stood.

16. The representative of the Government of Brazil also expressed support for the point for decision as it stood. The Office paper set out the procedure for fixing the contributions due from member States in 1998 in a way in which the Office would continue to function smoothly. The Governing Body should not have to decide in advance on matters still being discussed in New York and he reiterated his support for the original point for decision in the Office paper.

17. The representative of the Government of the United Kingdom had some difficulty with the proposal put forward by the United States representative. As several speakers had already mentioned the negotiations in New York were particularly complicated and sensitive and members should know that the United States was not the only member State to be proposing adjustments — the European Union was also putting forward its own proposals on this matter. It was difficult for the United Kingdom Government to take a position on the United States proposal at the moment. The reasons for bringing specialized agency assessments as quickly as possible into line with those of the United Nations were understandable, but as the representative of the Government of Canada had pointed out there were a number of practical difficulties with translating a decision likely to be taken quite late in 1997 quickly into the ILO. In view of the comments for and against the proposal it might be better for this Committee to reconvene during the Conference in June and to report direct to the Finance Committee of Government Representatives of the Conference as proposed under the next item on the agenda.

18. The representative of the Government of Sweden endorsed the remarks of the United Kingdom representative. He understood the concerns expressed by the United States representative and the reasoning behind his proposal but it would be best to discuss the issue again in June.

19. The representative of the Government of Italy had listened carefully to the statements for and against the proposal but he expressed support for the statements of the United Kingdom and Swedish representatives that this Committee should meet again during the June Conference to consider the matter.

20. The representative of the Government of Algeria had listened with interest to the proposal by the United States representative, but still wished to express support for the original point for decision in the Office paper. It was too early at this stage to adjust the current scale of assessments and the ILO should wait for the results of the negotiations currently taking place in New York before making any adjustments to the ILO scale for 1998. In any case, any change in the scale of assessments would have to take account of the situation of least developed countries which were making every effort to pay their contributions while going through a difficult period of structural adjustment. For these reasons it would be better to wait until the New York negotiations were concluded before amending the ILO scale.

21. The representative of the Government of Chile said it was quite legitimate for any Government to seek changes in the level of its contributions to the UN agencies and was particularly interested to hear the details of the proposal by the United States representative. Many interesting points had been put forward but he had reservations about changing the ILO scale of assessments before the results of the New York discussions were known. He agreed with the comments of the representatives of the United Kingdom and Brazil and felt that it would be wiser to discuss the matter again during the June Conference.

22. The representative of the Government of Germany shared the reservations of several speakers about the wisdom of anticipating a decision in New York and supported the proposal by the United Kingdom representative to postpone a decision until June.

23. The representative of the Government of Argentina also felt that it was premature to take any decision at this stage. He expressed support for the original proposal in the Office paper but would be prepared to discuss the matter again at the June Conference.

24. The representative of the Government of China expressed agreement with the proposal by the United Kingdom representative to reconsider the matter at the time of the June Conference.

25. The representative of the Government of Egypt pointed out that discussions were taking place in New York and no decision had been reached at this point. She therefore expressed support for the original point for decision in the Office paper until there was a decision from the discussions in New York. The Committee could meet again during the course of the 1997 Conference, if there was any new information to consider.

26. The Legal Adviser drew the attention of members to possible consequences of the proposal put forward by the United Kingdom representative and supported by many other speakers that this Committee should meet again during the June Conference to discuss this matter and make a recommendation to the Finance Committee of Government Representatives. Under article 9(2) of the

Financial Regulations it was normally for the Governing Body to consider the scale of contributions and to make proposals to the Finance Committee of Government Representatives. Under article 8 of the Financial Regulations the Governing Body was however supposed to meet during the Conference but decisions would have to be taken on when the sittings could be timetabled and the possible financial implications.

27. The representative of the Government of Canada said that the main point of discussion seemed to be the uncertainty with regard to the new scale of assessments being discussed in New York. It would be useful to clarify what was intended for a meeting in June. Was it to consider information from New York, and if there was no new information, would the discussion proceed immediately to the point for decision or would the whole discussion be opened again?

28. The representative of the Government of the Islamic Republic of Iran said that the ILO had followed the practice of harmonization with the UN scale of assessments for about 20 years now. There was a problem every third year because of the different periods for which the UN and the ILO fixed their scales of assessments. In practical terms this meant that the ILO Conference had to decide a scale of assessments before instead of after the UN had made that same decision. However, the decision about full harmonization of the ILO and UN scales of assessment was a matter of principle and could be decided without prejudging the actual changes in the scales. If that decision were taken there would be no question of the Director-General deciding the scale of assessments because the Office would simply be transmitting to members the results of a decision of the UN. Two years ago the inability of the ILO to adopt immediately a revised UN scale meant that for one year a number of ILO member States, including developing countries and countries in transition, had to pay more than their rate of assessment in the UN. It would be much fairer to adopt a principle of full harmonization and to make changes to the ILO scale as soon as possible.

29. The representative of the Government of Korea expressed support for the principle of harmonization of the rates of assessment in the UN and the ILO, but since a decision on the UN scale of assessments for 1998 was not expected until towards the end of the year, it was not appropriate just now to change the established procedures in the ILO. He joined the representative of the Government of Canada in asking for clarification of what was to be discussed if the Committee reconvened during the Conference in June.

30. The representative of the Government of Nigeria said that matters of this importance were normally decided in the national capital rather than in Geneva. However, a discussion on UN assessment rates for 1998 was currently under way in New York and the appropriate course of action was to await the outcome of those discussions because the ILO, although independent of the United Nations, was still part of the UN system and could not isolate itself from decisions taken in the UN. He agreed with the remarks of the Canadian representative that the scale of assessments should take into account member States' capacity to pay and the ILO could not take a decision now before discussion in New York on this issue was finished. As well, what would this Committee discuss if it reconvened in June?

Discussions would still be going on in the UN and so the ILO would be in no better position to decide anything. Furthermore, many developing countries were suffering under the economic and social burden of structural adjustment policies and this affected their ability to pay their contributions to UN organizations. Deciding a scale of assessment was not a matter which could be rushed through in a few minutes and he would refer the proposal by the United States representative back to his Government for consideration. If a decision was required now he would support the original point for decision in the Office paper.

31. The representative of the Government of France suggested it was always difficult to resist the temptation to delay consideration of questions that were difficult to answer. The most important consideration, as the Nigerian representative had just said, was what else could be known in June? The procedure in June described by the Legal Adviser seemed rather cumbersome and he wondered if it would be possible to decide on the point for decision on the Office paper subject to reconsideration in June if further information was available.

32. The representative of the Government of the United States said that his proposal was not intended to give to the Director-General any discretionary authority that rightly belonged to the Governing Body or to the Conference. The only authority in his proposal would be for the Director-General to adopt immediately the United Nations scale, subject only to the minor adjustments for differences in membership. Some speakers had not wanted to decide on this proposal at the moment because they had not received instructions from their governments, although it should be easy to get a quick response because presumably the governments had already given instructions on this matter to their representatives in the UN discussions. If the proposal was adopted it would obviously be done in such a way as to avoid disruption to the Office, but in view of the difficulties described by some speakers he would support the proposal by the United Kingdom representative to reconsider this matter during the Conference in June.

33. The representative of the Government of the Russian Federation said there were two issues to be considered: first, the review of the UN scale of assessments to be decided towards the end of this year in New York and, second, the principle of harmonization of UN scale of assessments with that of the ILO. He would not support the adoption of an ILO scale of assessments for 1998 which was based on the UN scale for 1997 because it would contravene earlier decisions taken on the principle of full harmonization of the two scales. Other organizations were already following the principle of full harmonization and there was no reason for the ILO not to do likewise.

34. The representative of the Government of Slovakia expressed support for the proposal put forward by the United Kingdom representative even though it was unlikely that more information would be available in June. Could the Legal Adviser say whether it would be legally possible for a decision to be taken by the Conference which would authorize the Governing Body to take a final decision in November, when more information could be available?

35. The representative of the Government of the United Kingdom said that reconvening in June to discuss this matter again would give time for consultations with colleagues in New York and also in the capitals. He shared the concern expressed by the representative of the Government of France about the procedure for getting a recommendation from this Committee to the Finance Committee of Government Representatives, and asked to what extent the procedure would be simplified if the question under item 3 of the agenda for this meeting was adopted.

36. The Legal Adviser explained that there were thus two main questions. The first concerned the need for a meeting of the Governing Body following a meeting of the Government members of the Governing Body if they had to meet again during the Conference to revise the scale of assessments. According to the Financial Regulations, it was the Governing Body, and not the Government representatives, which was responsible for making proposals to the Conference Committee of Government Representatives.

37. Of course, the Governing Body could delegate to the meeting of the Government members of the Governing Body the decision which lay within its own competence; however, the question arose of what purpose that would serve since, after all, the Conference Committee of Government Representatives was made up of the Government representatives as a whole. The Financial Regulations stated that the Governing Body shall consider the rate of contribution to be assessed on each Member and should make proposals thereon for submission to the Conference Committee of Government Representatives, etc. Thus it seemed that, instead of complicating the procedure, in the point for decision in paragraph 4 proposing to make a recommendation, since one was required, something could be added at the end of the paragraph which would give the Conference Committee of Government Representatives the possibility of reviewing the situation in the light of any new information which might be available to it at that time.

38. The second question, which was raised by the Government of Slovakia, was whether it would be possible for the Governing Body to recommend that the final approval of the scale of assessments be left to the Governing Body in November, in the hope that more information might be available at that time on the situation in the United Nations.

39. Whether the matter were delegated to the Director-General or to the Governing Body, legally the problems remained more or less the same; even if such a delegation had never been made in the past, it did not seem possible to say that it infringed the Constitution. It was possible, but as the representative of the United States Government had pointed out, in order for it to be legal, a number of derogations would have to be made to the Financial Regulations of the Conference.

40. The Legal Adviser called attention in this respect to the fact that such derogations to the Regulations, which would be exactly the same if the matter were delegated to the Director-General or to the Governing Body, would have to be adopted normally by a two-thirds majority record vote at the International Labour Conference. In other words, there really would have to be a consensus to allow use to be made of this kind of derogation.

41. At the suggestion of the Chairman the Committee agreed to proceed to a consideration of item 3 on the agenda in order to resolve procedural difficulties with the possible reconvening of the Committee during the June 1997 Session of the Conference.

Other questions
(Third item on the agenda)

Procedure for the possible continuation of the work of the Government members of the Programme, Financial and Administrative Committee in relation to allocation matters during the Conference

42. The Government members considered a paper[3] describing the procedure to be followed if the Government members of the Committee were required to meet during the 85th (June 1997) Session of the Conference.

43. ***The Government members recommend to the Governing Body that they be authorized to continue their work, if necessary, after the Governing Body has concluded its work at the present (268th) session and to submit their report direct to the Finance Committee of Government Representatives at the Conference.***

Scales of assessment of contributions to the budget for the 1998-99 financial period
(Second item on the agenda — Resumption of discussion)

44. At the request of the Chairman, the Legal Adviser read the text of a suggested amendment to the point for decision in paragraph 4.

45. The representative of the Government of the Russian Federation would not support an amended point for decision because this would still mean adopting a scale for 1998 based on the UN scale for 1997. The best procedure would be to adopt the proposal put forward by the United Kingdom representative to reconsider this matter during the Conference in June.

46. The representative of the Government of the Islamic Republic of Iran understood there was a consensus in favour of deferring a decision until the matter was reconsidered during the Conference in June. This suggested that an amended point for decision was not required and he asked for this point to be clarified.

47. The Chairman replied that since the point for decision in the paper under item 3 of the agenda had now been agreed, it was his understanding also that the Committee would return to a consideration of this matter during the Conference in June.

48. The representative of the Government of France expressed agreement with the remarks by the Chairman. The problem seemed to be that if the Governing Body did not take a decision on this matter at this session then it would be required to meet for the purpose of deciding this matter during the Conference in June. It

[3] GB.268/PFA/GMA/3.

would only be if the Governing Body at this session accepted the recommendation from this Committee, just agreed under item 3 of the agenda, that a Governing Body meeting during the Conference would be unnecessary.

49. The Chairman felt that the consensus of the meeting was not to take a decision at the moment but to reconsider this subject during the Conference in June and give all member States the opportunity for further consultations in the meantime. The discussions so far had shown no consensus either in favour of the point for decision in the Office paper or in favour of the proposal put forward by the United States representative. The conclusion was that the Committee should adopt the proposal put forward by the United Kingdom representative, with the possibility of a meeting of the Governing Body during the Conference. The final decision on this matter would be taken by the Governing Body itself.

50. The representative of the Government of Canada agreed with the consensus to return to this matter during the Conference in June. The amendment to the point for decision suggested by the Legal Adviser would allow this to happen quite simply and she therefore supported it.

51. The representative of the Government of the United States said that the adoption of the recommendation under the third item of the agenda, if accepted by the Governing Body, would do away with the need for a meeting of the Governing Body during the Conference. The point for decision in item 3 read: "the Government members recommend to the Governing Body that they be authorized to continue their work, if necessary, after the Governing Body has concluded its work at this (268th) session and to submit their report direct to the Finance Committee of Government Representatives of the Conference". This must mean that a meeting of the Governing Body would not be necessary; otherwise there would be no point in having the paper under item 3 of the agenda. It would be useful to have clarification on this point.

52. The Legal Adviser confirmed that article 9 of the Financial Regulations provided that proposals concerning the scale of contributions of member States should be communicated by the Governing Body to the Finance Committee of Government Representatives. Of course it was possible to proceed as suggested by the adoption of the point for decision under item 3. However, since the Government members of the Governing Body were only a minority of the member States of the Organization and since the Finance Committee of Government Representatives at the Conference represented all the member States of the ILO, it would seem more straightforward to have the matter dealt with directly by the Finance Committee of Government Representatives with an appropriate amendment to the point for decision in paragraph 4. He confirmed the comment by the representative of the Government of Canada that this would simplify the procedure and reflect the consensus in the meeting that the Committee was not ready to take a decision at the moment. The Committee would be agreeing to a conditional decision which would have to be reviewed by the Finance Committee of Government Representatives at the Conference in the light of the situation at that time. This would simplify the procedure in a legal sense but as members had

commented it was perfectly possible to take the shortcut under item 3 of the agenda and decide not to have a meeting of the Governing Body at the Conference.

53. The representative of the Government of the Islamic Republic of Iran referred to article 7bis of the Standing Orders of the Conference which provided under paragraph 2(a)(ii) that the Finance Committee had the authority to decide on the arrangements for the allocation of expenses among Members of the Organization. This meant that even if there was no meeting of the Governing Body during the Conference, the Finance Committee was the superior body and had the authority to make a decision.

54. The Legal Adviser confirmed that the provision referred to by the representative of the Government of the Islamic Republic of Iran concerned the power of the Finance Committee of Government Representatives to approve the allocation of expenses among member States. It was precisely because of this provision, and because it was for the Finance Committee to give final approval to the draft scale of assessments, that the communication from the Governing Body was only a proposal. It was perfectly legal for the Governing Body to suggest that the Finance Committee of Government Representatives would be able to review the question in the light of information at its disposal.

55. The Chairman confirmed that the Committee would reconsider this question during the course of the 1997 Conference in June and would take no decision at the moment.

56. In the light of the foregoing, and of the recommendation to the Governing Body of the proposed decision in paragraph 43 above, the Chairman proposed that the Committee adopt the following point for decision.

57. ***The Government members of the Programme, Financial and Administrative Committee recommend to the Governing Body that the adoption of the scale of assessments for 1998 be deferred to the 85th Session of the International Labour Conference, and that they meet by delegation of the Governing Body to prepare a draft scale of assessments for 1998 during the Conference and to submit it direct to the Finance Committee of Government Representatives at the Conference.***

Geneva, 20 March 1997.

(Signed) M. Zahran,
Reporter.

Points for decision: Paragraph 3;
Paragraph 43;
Paragraph 57.

Annex 3

Assessment of contributions of new member States (GB.268/PFA/GMA/1)

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.268/PFA/GMA/1
268th Session

Geneva, March 1997

Government members of the Programme,
Financial and Administrative Committee

PFA/GMA

CONFIDENTIAL

FIRST ITEM ON THE AGENDA

Assessment of contributions of new member States

Assessment of the contribution of Saint Kitts and Nevis

1. Saint Kitts and Nevis, which is already a Member of the United Nations, became a Member of the International Labour Organization on 19 June 1996. Consequently, the Government members now need to recommend to the Governing Body that it propose to the 85th Session of the International Labour Conference an appropriate rate of assessment for the calculation of the contribution of Saint Kitts and Nevis for the period of its membership of the Organization during 1996 and for the year 1997. A scale of assessments for the calculation of member States' contributions to the budget of the Organization for 1996-97 was adopted by the Conference at its 82nd Session (June 1995), with the result that assessments on Saint Kitts and Nevis for 1996 and 1997 would be additional to the approved budget of income applicable to those years.

2. The scales of assessment used for determining the contributions of member States of the ILO have since 1977 been based on the United Nations scale of assessments on its member States. The UN scale is adopted by the General Assembly every third year, on the recommendation of the Fifth Committee, following proposals made by the UN Committee on Contributions. The ILO scale of assessments is adjusted arithmetically for differences in membership between the two organizations, and the maximum and minimum rates of assessment are set at 25 per cent and 0.01 per cent respectively, as in the UN scale.

3. Taking into account this established principle of harmonizing the ILO scales of assessment of ILO member States' contributions with those of the United Nations, and that Saint Kitts and Nevis is included in the 1995-97 UN scale of assessments at the minimum rate of assessment, that is 0.01 per cent, the Government members may therefore consider it appropriate to recommend the same rate of assessment of 0.01 per cent for the calculation of the contribution of Saint Kitts and Nevis for the period of its membership in the ILO for 1996 and for 1997.

4. ***The Government members may accordingly wish to recommend to the Governing Body that in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, it propose to the Conference that the contribution of Saint Kitts and Nevis to the ILO budget for the period of its membership in the Organization in 1996 and 1997 be based on an annual assessment rate of 0.01 per cent.***

Geneva, 10 February 1997.

Point for decision: Paragraph 4.

Annex 4

Report of the Administrative Board of the ILO Staff Pensions Fund (GB.268/PFA/11/2)

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.268/PFA/11/2
268th Session

Geneva, March 1997

Programme, Financial and Administrative Committee

PFA

ELEVENTH ITEM ON THE AGENDA

Pensions questions

Report of the Administrative Board of the ILO Staff Pensions Fund

1. The 103rd Session of the Administrative Board of the ILO Staff Pensions Fund was held at the International Labour Office on 30 January 1997, chaired by Ms. S.C. Cornwell. Mr. Aamir Ali and Mr. Y. Chotard were elected First and Second Vice-Chair, respectively.

Accounts

2. The Board noted that the balance of the Fund stood at US$1.3 million as at 31 December 1996.

Investments

3. The Board considered a report on the investments of the Fund and the record of the meeting held by the Investments Committee in December 1996. The Board noted that the average yield on investments was 1.04 per cent for 1996, as compared to 16.64 per cent for 1995 and -5.75 per cent for 1994. However, it noted that the yield earned during 1996 was not directly comparable with those of previous years as, in accordance with a recommendation by the ILO Investments Committee, the investments had been liquidated during 1996 and transferred to a multi-currency bond fund based in US dollars.

Financial position of the Fund

4. In accordance with the Board's request, which was confirmed by the Governing Body, an actuarial evaluation of the Fund was prepared on 30 June 1996 to estimate future financial requirements. The Fund is a closed fund with no new active participants. Payments are expected to last for another 15 to 20 years. The average age of the 25 remaining beneficiaries is 88 years. Pensions are annually

adjusted for inflation according to a system modelled on that of the United Nations Joint Staff Pension Fund (UNJSPF).

5. The 1996 benefit disbursement is estimated at about 1.3 million US dollars. Following the Board's policy of closely matching income and expenditure, as adopted by the ILO Governing Body in 1989, [1] the capital of the reserve fund, which currently stands at approximately US$1.3 million, is expected to reach a level of less than US$1 million by the end of 1997, taking into account the allocation of US$300,000 due in 1997. Actuarial forecasts indicate that the Fund expenditure for the 1998-99 biennium will approximate US$1 million per annum, and an equivalent budgetary allocation will therefore be required to pay benefits. In view of the decline of the reserve funds and given the guarantee on the part of the ILO under article 13 of the Pensions Fund Regulations (see Appendix) for the payment of benefits due, the Administrative Board has recommended that benefits be budgeted in the ILO regular budget during 1998, when the existing reserve fund is expected to be exhausted, and thereafter. The Office will continue, as in the past, to report the Fund's budgetary requirements to the Governing Body and to monitor the membership statistics.

Direct management of the Fund by the ILO

6. In view of the small number of members of the Fund, and its expected decline, the Administrative Board, in line with previous discussions, has also recommended simplifying its proceedings by making the ILO directly responsible for the management of the Fund. The Office will continue to administer the Fund and provide service to the beneficiaries as in the past. In accordance with article 31.2 of the Regulations of the Staff Pensions Fund, the disappearance of the Administrative Board would require an amendment to the Regulations, which were taken over from the League of Nations in a revised form by resolution of the Conference adopted in 1946. [2]

7. ***The Programme, Financial and Administrative Committee is accordingly invited to recommend that the Governing Body propose to the International Labour Conference, at its 85th Session (June 1997), the adoption of the following resolution:***

The General Conference of the International Labour Organization,

Recalling its resolution of 9 October 1946 by which it adopted revised Staff Pensions Regulations, under which, in particular, the Staff Pensions Fund became the property of the International Labour Organization to be administered for the purposes of the Regulations and managed by an Administrative Board,

Reaffirming the International Labour Organization's guarantee, in article 13 of the Regulations, of the payment of all annuities or capital sums due under those Regulations,

[1] GB.242/PFA/7/8 and GB.242/7/20, paras. 33-34.

[2] *Record of Proceedings* of the 29th Session, p. 229 and Appendices V and XII.

Considering that management by an Administrative Board is no longer justified having regard to the small number of beneficiaries and to the absence in recent years of any direct participation of the latter on the Board;

1. Decides —

(a) that the International Labour Office shall, under the supervision of its Governing Body, to which it shall annually report, henceforth have direct responsibility for the management of the Staff Pensions Fund and for the payment of benefits in accordance with the substantive provisions of the Regulations;

(b) that the pension adjustment system for the United Nations Joint Staff Pension Fund shall continue to be applied to benefits due under the Regulations and that any subsequent improvements in that system shall be reflected in the payment of those benefits.

2. Hereby abrogates, without prejudice to operative paragraph 1 above, all provisions of the Staff Pensions Regulations that are inconsistent with the present resolution or with any decision that may be adopted by the Governing Body pursuant to it.

Geneva, 21 February 1997.

Appendix

Extract from the Regulations of the ILO Staff Pensions Fund Regulations

D. Guarantee of the International Labour Organisation

Article 13

1. The International Labour Organisation guarantees the payment of all annuities or capital sums falling due under the present Regulations.

2. If the payment of the benefits due under Article 1, paragraph 4, to retired officials of the Secretariat of the League of Nations and of the Registry of the Permanent Court of International Justice and to their widows and children involves a deficit for the Fund which has to be met by additional contributions from the International Labour Organisation, the amounts involved shall be divided among and form part of the contributions of those Members of the Organisation which were Members of the League on 18 April 1946, in the proportions in which those Members contribute to the other expenses of the International Labour Organisation.

Article 29

There shall be transferred to the Pensions Fund from the Staff Provident Fund:

(a) during or at the close of the year 1932, the balances of the accounts of all members of the Provident Fund who become subject to the present Regulations;

(b) at the end of the year 1932, a part of the account, known as the Death and Invalidity Fund, and a part of the Reserve, bearing the same proportion respectively to the total amount of the Death and Invalidity Fund and the total amount of the Reserve as the total amount transferred under *(a)* bears to the total assets of the Provident Fund at the end of the year;

(c) on the final liquidation of the Provident Fund, the remaining assets of that Fund.

Article 30

1. As from 1 January 1931, no new members shall be admitted to the Staff Provident Fund.

2. The Staff Provident Fund shall, as soon as possible, be liquidated and its assets be transferred to the Pensions Fund.

IX. Final Provisions

Article 31

1. The provisions of the present Regulations shall apply not withstanding any contrary provision in the Staff Regulations.

2. The present Regulations shall enter into force as from the date of their adoption by the Assembly of the League of Nations. They may be amended by the International Labour Conference. [1]

[1] The amendments made by the Assembly of the League of Nations were as follows:

12th Session (1931): Articles 3 and 12.

16th Session (1935): Article 1.

17th Session (1936): Article 1.

18th Session (1937): Articles 1, 3, 12 and 19.

19th Session (1938): Addition of Special Article I (temporarily limiting certain provisions of Article 9 if circumstances rendered this necessary).

20th Session (1939-46): Addition of Special Article 2 (applicable to officials whose contracts were suspended under emergency measures of 1939).

Amendments to the following articles were made by the International Labour Conference:

30th Session (1947): Articles 1 and 19.

31st Session (1948): Articles 1, 2, 4, 7, 19 and 22.

Annex 5

Matters relating to the Administrative Tribunal of the ILO (GB.268/PFA/12)

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.268/PFA/12
268th Session

Geneva, March 1997

Programme, Financial and Administrative Committee

PFA

TWELFTH ITEM ON THE AGENDA

Matters relating to the Administrative Tribunal of the ILO

Composition of the Tribunal

1. Article III, paragraph 2, of the Statutes of the ILO Administrative Tribunal states: "the judges shall be appointed for a period of three years by the Conference". The Tribunal currently has the following composition:

Judges: Sir William Douglas (Barbados), President: term of office of expires in June 1997;

Mr. Michel Gentot (France), Vice-President: term of office of expires in July 1998;

Mr. Julio Barberis (Argentina): term of office expires in July 1998;

Ms. Mella Carroll (Ireland): term of office expires in July 1999;

Mr. Jean-François Egli (Switzerland): term of office expires in July 1998;

Mr. Mark Fernando (Sri Lanka): term of office expires in July 1998;

Mr. Edilbert Razafindralambo (Madagascar): term of office expires in June 1997.

2. Sir William Douglas and Mr. Edilbert Razafindralambo (both born in 1921) have served the Tribunal from 1982 up to the age-limit which judges have customarily set for themselves, and have contributed during these many years to the important development of international civil service law. Sir William Douglas has held the presidency with considerable distinction since 1994, after acting as Vice-President since 1992.

3. ***The Committee will no doubt wish to recommend to the Governing Body, and through it, to the Conference, that they convey to Sir William Douglas and Mr. Edilbert Razafindralambo their profound appreciation of the services which they have diligently and consistently rendered for 15 years to the international community.***

4. Following the departure of Sir William Douglas and Mr. Razafindralambo, the posts of two judges will fall vacant. In accordance with current practice whereby members of the Tribunal are appointed from amongst

persons holding or who have held high judicial office, with account being taken of the need for an overall equilibrium at linguistic level, and in terms of different systems of law and geographical representation, the Director-General, after consultation with the Officers of the Governing Body, proposes the following appointments:

— Mr. Seydou Ba (Senegal, born in 1939) was until recently First President of the Court of Cassation of the Republic of Senegal, after having risen through the various ranks of the judicial hierarchy in his country. He has also held the functions of President of the National Commission for the Harmonization of Business Law in French-speaking Africa and was recently appointed President of the Common Court of Justice and Arbitration of the Organization for the Harmonization of Business Law in Africa.

— Mr. James K. Hugessen (Canada, born in 1933) is currently judge of the Court of Appeal, Federal Court of Canada, in Ottawa; judge of the Court Martial Appeal Court of Canada; and deputy justice of the Supreme Court of the North-West Territories. Previously, he acted in particular as member and later President of the Comité du droit de la preuve de l'Office de révision du Code civil de la province de Québec; Director and then Vice-President of the Canadian Institute for the Administration of Justice; Chairman of the Seminar Committee of the Canadian Judicial Council (continuing education programmes for members of the Canadian federal judiciary).

5. The Committee is accordingly invited to recommend to the Governing Body that it submit to the International Labour Conference, for adoption at its forthcoming session, the following resolution:

The General Conference of the International Labour Organization,

Expressing its profound appreciation to Sir William Douglas and Mr. Edilbert Razafindralambo of the services which they have diligently and consistently rendered for 15 years to the international community;

Decides, in accordance with Article III of the Statute of the Administrative Tribunal of the International Labour Organization, to appoint as judges of the Administrative Tribunal for a term of three years with effect from 1 July 1997 and, for the sake of uniformity, [1] until 31 July 2000:

— Mr. Seydou Ba (Senegal);

— Mr. James K. Hugessen (Canada).

Geneva, 19 March 1997.

Points for decision: Paragraph 3;
Paragraph 5.

[1] See doc. GB.262/PFA/14.

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